DEPARTMENT OF HUMAN SERVICES

Minnesota Department Human Services

2024 Supplemental Budget Book

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Change Item Title: Supporting Child Welfare Infrastructure (CF-54)

Fiscal Impact ($000s)	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Fund				
Expenditures	0	15,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	15,000	0	0
FTEs	**0**	**1**	**1**	**1**

Request:
The Governor recommends investing $15 million in fiscal year 2025 to begin designing and implementing a data-driven, federally compliant Comprehensive Child Welfare Information System (CCWIS) that will allow local agency staff to spend less time on paperwork and more time helping children and families.

Rationale/Background:
Addressing child welfare workload burden through system updates and modernization is a shared staff retention need among counties and Tribal Nations that access Minnesota's Social Services Information System (SSIS). There are 6,000 daily users of SSIS, most of whom use it to track, manage, and pay for child welfare related casework. Numerous problems within SSIS negatively impact child welfare agencies' ability to serve families efficiently. SSIS does not have mobile capabilities; it does not meet useability requirements under the Americans with Disabilities Act (ADA); it is plagued with performance and stability problems; it has suffered from a lack of design resources and user experience input; and there are fewer and fewer skilled developers available to support this system that is programmed in a dying language.

Counties and American Indian Child Welfare Initiative Tribes (Initiative Tribes) have been clear in their position that replacement of SSIS with an information technology (IT) system that is modern, mobile, and stable; respects data sovereignty; and supports them in their work is a high priority. They have shared with the department and the legislature that SSIS modernization is crucial for workforce retention, reduced administrative burdens for case workers, and better care for children and families.

Consistent with findings from the 2016 and 2019 child welfare workforce stability studies,[2,3] administrators of local agencies have reported higher turnover among child protection workers as a direct result of the IT system burden. Child welfare staff lose important data entry due to system crashes, slowness, and unavailability. Efforts to resolve these problems within the current maintenance and operations framework over the last two years have not been successful. New federal regulations for state child welfare data systems, called the Comprehensive Child Welfare Information System (CCWIS), went into effect in 2016. The new requirements include measures to ensure user-friendliness, data quality, and bi-directional data sharing with the courts, the

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[2] Piescher, K., LaLiberte, T., & Goodenough, K. (2016, August). *Workforce stabilization study 2016*. Center for Advanced Studies in Child Welfare, University of Minnesota. https://cascw.umn.edu/portfolio-items/workforce-stabilization-study-2016/

[3] Piescher, K., LaLiberte, T., & VanMeter, F., Goldberg, R., Glesener, D., & Blue, M. (2022, September). *Workforce stabilization study 2019*. Center for Advanced Studies in Child Welfare, University of Minnesota. https://cascw.umn.edu/portfolio-items/workforce-stabilization-study-2019/

Minnesota Department of Education and school districts, and juvenile corrections. Other states are further in the process of becoming CCWIS-compliant, and expectations for Minnesota to have an implementation plan are mounting.

These new requirements, in addition to calls from local social service agencies for urgent improvements in the current system, require investment beyond the existing budget. The 2023 Minnesota Legislature appropriated $2 million for the department to conduct a comprehensive review of the existing system with the services of an external vendor, resulting in an assessment and recommendations for a modernized system. Without additional funding, the department will not be able to implement recommendations.

SSIS also supports all other program areas that county and Tribal social services provide, such as Adult Protection, Adult and Children's Mental Health, Developmental Disabilities, Elderly Services, child welfare prevention and early intervention. As SSIS moves forward toward replacement, those programs will also benefit from modernization.

Proposal:

This proposal seeks funding to implement the recommendations of a vendor assessment, secure the participation of MNIT Enterprise consultants in planning, and hire one permanent FTE to manage budget, federal revenue enhancement, reporting, and accountability for purposes of modernizing SSIS. The vendor modernization recommendations are likely to include a combination of contracting with a software development company and contractors managed by the department for system redesign; hiring new MNIT maintenance and operations staff; and purchasing new application technology such as cloud space, security, and database management.

The funding requested in this proposal is a down payment – more funding will be needed to complete system replacement. However, investment in this proposal will move significantly toward transformation of our IT system in ways that are meaningful and that better support both positive end user experiences and the children and families in our child welfare system.

Aligned with the Report of the Governor's Technology Advisory Council (January 2023), activities are already underway at the department and beyond to move to a more customer-centric way of redesigning business processes and the IT products that support them. This transformation is known as Product & Agile. Product & Agile Benefits:

- Prioritizes customer-centric decision making by ensuring that all strategies, initiatives, and investments are evaluated in the context of their impact on the customer and by allowing for early and constant customer feedback and review.
- Empowers cross-functional collaboration through breaking down silos across agencies that serve the same people and enabling small, fast-moving cross-functional teams that work together to deliver solutions.
- Improves incrementally and iteratively, encourages teams to adapt quickly based on customer and partner feedback, and continuously improves services and products.

Impact on Children and Families:

By investing in Minnesota's child welfare infrastructure, this proposal helps ensure children and families have the support and assistance they need from county and Tribal child welfare staff. Staff turnover, often the result of SSIS complexity and instability, contributes to high caseloads and workloads. In turn, high caseloads and workloads negatively impact child welfare staff's ability to effectively serve children and families, including achieving permanency goals and timely responding to maltreatment reports, and to attend training to further advance skills and abilities.[4] Addressing county and Tribal agencies' child welfare workforce needs through investments toward replacing SSIS will help reduce turnover rates, caseload size, and workload burden, allowing child welfare staff to better support children and families, leading to improved outcomes.

Equity and Inclusion:

Implementation of this proposal may not have a direct impact on children and families from communities disproportionately involved in the child welfare system. However, the investment in child welfare IT infrastructure ensures county and Tribal agency staff are better equipped, have access to resources and supports, and can access information that they need in a timely and more efficient manner so that they can better serve and support children and families involved in the child welfare system. American Indian and African American/Black children and families are overrepresented in the state's child welfare system. Having a modernized IT system will allow case workers more time to work with children and families, which will support better outcomes and reduce child protection system involvement.

Additionally, investing in SSIS will allow the department and local agencies to record and track demographic and financial data more efficiently, which will help identify disparities and disproportionalities within the child welfare system as well as any gaps and inequities in access to funding and other services and resources. Being able to track these issues in real time will allow the department, counties, and Tribal Nations to address concerns in a more timely and effective way.

Tribal Consultation:

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

☒Yes
☐No

Investments in SSIS modernization will directly impact the work of Initiative Tribes. More time for case workers to address the needs of a child and their family will also have a positive impact on the care provided to Indian children and families in the child welfare system. Additionally, modernizing the state's child welfare IT system will better address data sovereignty of Tribes.

Impacts to Counties:

This proposal is expected to positively impact counties by reducing administrative and workforce burdens. Child protection case workers are likely to have increased job satisfaction, counties are likely to see reduced employee turnover, and the children and families served by counties are likely to experience more attentive service because workers will spend more time with them and less at a computer screen.

Results:

Currently, the department relies on performance measures found in the state and federal Child and Family Service Reviews (CFSR) to track program performance. As SSIS is modernized, these measures combined with the annual workforce survey, will allow the department to determine the impact of systems modernization on the workforce.

Fiscal Detail:

[4] Child Welfare Information Gateway. (2022). *Caseload and workload management*. U.S. Department of Health and Human Services, Administration for Children and Families, Children's Bureau. https://www.childwelfare.gov/pubs/case-work-management/

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 27-28
General Fund			-	15,000	15,000	-	-	-
HCAF					-			-
Federal TANF					-			-
Other Fund					-			-
Total All Funds			-	15,000	15,000	-	-	-
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 27-28**
General Fund	12	SSIS transformation manager (0,1,0,0)	-	505	505	-	-	-
General Fund	11	Systems - Functional child welfare system - transfer to DCYF systems account. SSIS @ 52% state share.		14,657	14,657			-
General Fund	REV1	FFP @ 32%		(162)	(162)	-	-	-
		Requested FTE's						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 27-28**
General Fund	12	Children and Family Services FTEs	0	1	1	0	0	0

Statutory Change(s):

N/A

Change Item Title: Opioid Allocation Modifications and Sunset Elimination (CF-41)

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

Request:

The Governor recommends amending Minnesota Statutes, section 256.043, related to the Child Welfare Opioid Epidemic Allocation (allocation), to modify the allocation formula and expand how the funds may be used to allow expenditures on prevention related activities and programs prior to entering the child welfare system. The governor also recommends removing the sunset on fees from opioid manufacturers and distributors to ensure that ongoing funding is available to support the continued and sustained impacts of the opioid epidemic on people, families, and communities across the state. Lastly, the Governor recommends amending Minnesota Statutes, section 256.042, to clarify that the director of the Office of Addiction and Recovery (OAR), or their designee, is an ex-officio nonvoting member of The Opioid Epidemic Response Advisory Council (OERAC).

Rationale/Background:

In the late 1990s, pharmaceutical companies reassured the medical community that patients would not become addicted to opioid pain relievers and healthcare providers began to prescribe them at greater rates. Increased prescriptions of opioid medications led to widespread misuse of both prescription and non-prescription opioids before it became clear that these medications could indeed be highly addictive. In 2017, the United States Department of Health and Human Services declared the opiate crisis to be a public health emergency.

The current state of the opioid crisis in Minnesota is alarming. Between 2000 and 2020, the number of annual opioid deaths increased from 54 to 655 per year. The trend is escalating; between 2020 and 2021 alone, the number of deaths increased by 44 percent.

The opioid crisis has had significant impacts on the child protection system as well. Minnesota's 2021 Out of home Placement and Permanency report states that during the past 5 years the most common primary reason for removal of children from their homes by child protective services has shifted from neglect to caretaker drug use.[5] The same report notes that nearly two out of three children under the age of three entered out of home care due to prenatal exposure to drugs or alcohol or caretaker use of drugs and alcohol.

The 2019 Minnesota Legislature passed a bill related to opiates that established an Opiate Epidemic Response account funded by licensing and registration fees for opioid manufacturers and distributors. (See Minn. Stat. 256.043.)

[5] Minnesota's Out-of-Home Placement Report, 2021

A portion of these fees is allocated to county social service agencies and Tribal Nations that have assumed all child welfare responsibilities by participating in the American Indian Child Welfare Initiative (Minnesota Statutes, section 256.01, subd. 14b) to provide supplemental child protection services to children and families affected by addiction. Since 2020 between $4 million to $5.7 million per year has been allocated to counties and Initiative Tribes. Funds support several new and expanded projects, programs, and services across the state. Children and families have benefited in many ways, including through direct assistance in housing, transportation, treatment costs, and sober activities; support for family placements and independent living for youth; cultural activities; increased availability of supervised visitation supports; parent mentors and coaches; additional staff to serve families; culturally specific training for staff; and other programs and services.

The child protection allocation has had positive impacts. Efforts by counties and Tribes to prevent out-of-home placements due to parental drug abuse have been successful. In 2020, there were 1,603 placements of children related to parental drug abuse. In 2021, there were 1,557 placements, down 3% from the previous year. And in 2022, there were 1,379 placements, down 11% from the previous year.

The current child protection allocation formula is based solely on out-of-home placement data. This effectively penalizes county and Tribal agencies that are experiencing success with services funded by the allocation. For example, one county agency experienced an 80% decrease in out of home placements from 2019 to 2022. The county reports this decrease is directly attributable to services to families and staff training that were only affordable because of the allocation funds. Because the out-of-home placement rate has decreased, this county's allocation will decrease as well, thereby constricting their ability to continue offering the very services that increased child safety while having children remain in their homes. Children and families are best served outside of the child welfare system with voluntary services that best meet their needs. Child protection intervention can cause unnecessary stress and trauma to families. More efforts are needed to preserve families. Adjustments to the allocation formula uses can support these efforts across the state and support ongoing county and Tribal success at reducing the need for out of home placements.

Another portion of the licensing and registration fee revenue is used to provide grants to support (1) promising practices related to prevention and education; (2) training on treatment of opioid addiction; (3) enhancement and expansion of a continuum of care for opioid-related substance use disorders; and (4) development of measures to assess and protect the ability of persons suffering chronic pain who need prescription medications.

Under current law, if Minnesota receives $250 million (1) because of a settlement agreement related to the marketing, sale, or distribution of opioids; (2) from opioid manufacturer application and renewal fees and registration fees; or (3) from a combination of both, application, and renewal fees from drug manufacturers of opiate-containing controlled substances licensing fees would be reduced and opiate registration fees would be repealed. The fee reduction and repeal cannot occur before July 1, 2031.

Under current statute, local agencies are limited to using these funds for prevention services to families after entering the child welfare system. Expanding the definition of allowable uses for these funds would enable local child welfare agencies to support families before entering the child welfare system. Children and families are best served outside of the child welfare system with voluntary services that best meet their needs. Child protection intervention can cause unnecessary stress and trauma to families. More efforts are needed to preserve families. Adjustments to the formula and definition can help support these efforts across the state.

In addition to the Opiate Epidemic Response account, the 2019 Minnesota Legislature also established the Opiate Epidemic Response Advisory Council (OERAC) to develop and implement a comprehensive and effective statewide effort to address the opioid addiction and overdose epidemic in Minnesota (See Minn. Stat. 256.042). The council includes legislators, Tribal Nations, state agency representatives, providers, individuals and advocates with personal experience in the opioid crisis, and representatives from law enforcement, social service agencies and the judicial branch.[6]

Proposal:

This proposal amends Minnesota Statutes, section 256.043, related to the Child Welfare Opioid Epidemic Allocation (allocation) by:

1. Modifying the formula used to calculate allocation rewards.
2. Expanding the use of the funds to enable prevention related activities.
3. Eliminating the sunset on fees from opioid manufacturers and distributors

Modification to the child protection allocation formula and uses. This proposal amends the child protection allocation formula to include screening related data regarding substance use and number of assessments and investigations related to substance use. The formula would continue to use the existing number of out of home placements related to drug abuse but would include a three-year average to help stabilize the formula. The change in formula ensures that there are financial resources for counties and Tribes to continue successful interventions funded by the child protection opioid formula. The allocation is based on a calendar year and would take effect for the calendar year 2025 allocation.

This proposal also expands the use of these funds to support additional ways to serve families. Widening how Child Welfare Opioid Epidemic Allocations may be used to include prevention services allows local child welfare agencies to support families before entering the child protection system. Examples of expanded uses include support for families through Community Resource Centers and enhanced community partner response to prenatal exposure prior to birth. Ongoing financial support with a broad range of uses is critical to establishing successful prevention and family preservation efforts to reduce out of home placements and the long-term impacts family separation has on the health and well-being of caregivers, their children, and society.

Current statutory language requires counties and Initiative Tribes to make annual reports to the commissioner. The impacts of changes to allowable uses of the child protection allocation would be monitored through this method.

Repeal of Sunset. This proposal also removes sunset provisions under Minnesota Statutes, section 256.043, for the reduction of licensing fees and repeal of registration fees for opioid manufacturers. This change ensures ongoing revenue to address the primary impacts of the opioid epidemic and the long-lasting tertiary impacts that will require extensive healing for communities across the state. Because the current fee sunset cannot occur before July 1, 2031, removing the sunset provisions is budget-neutral in the current budget horizon.

Clarifying OERAC Membership. This proposal also amends Minnesota Statutes, section 256.042, related to the Opiate Epidemic Response Advisory Council (OERAC) to clarify that the director of the Office of Addiction and Recovery (OAR), or their designee, is an ex-officio nonvoting member of OERAC.

The Office of Addiction and Recovery (OAR) supports the Subcabinet on Opioids, Substance Use, and Addiction, and the Governor's Advisory Council on Opioids, Substance Use, and Addiction. OAR is led by the addiction and recovery director who is also the chair of the Subcabinet on Opioids, Substance Use, and Addiction. OAR works across state and local governments to coordinate and align efforts and better target the state's role in addressing addiction, treatment, and recovery. The office conducts public engagement to build relationships with communities to ensure people with direct experience in the opioid and substance use crises are involved

[6] https://mn.gov/dhs/opioids/oer-advisory-council.jsp/.

in the identification and development of community-driven solutions to address these crises.[7] This change is budget-neutral since participating in OERAC is within the scope and duties of OAR's already-funded work.

Impact on Children and Families:

Focusing on prevention related services and programs supports families before entry in the child welfare system. This can prevent unnecessary intervention from the child protection system, which can contribute to further harm to families. Directing and allowing funds to be used for prevention has a direct benefit to children and families. Maintaining long-term funding will ensure that efforts to address the opioid crisis are not arbitrarily ended while they are still mitigating the harmful impact opioids have had on Minnesota's people and our society.

Equity and Inclusion:

Minnesota has the worst disparities in the nation when it comes to opioid use disorder outcomes. While the white mortality rate of 10.7 per 100,000 is one of the lowest rates in the nation, Black Minnesotans are three times more likely than white people to die from opioid overdose and Native Minnesotans are 10 times more likely than white people to die from opioid overdose. The disparate outcomes are increasing. In 2020, 131 per 100,000 American Indians experienced opioid overdose deaths, compared to 49 per 100,000 African American residents and 16 per 100,000 white residents. In 2021, 192 per 100,000 American Indians experienced opioid overdose deaths, compared to 67 per 100,000 African American people and 19 per 100,000 of white people. Between 2020 and 2021 American Indian overdose deaths increased by 47%, African American deaths increased by 37%, and white deaths increased by 19%. Eliminating the sunset on the licensing and registration fees better ensures that the state can continue life-saving efforts to end the opioid crisis.

There is also a disproportionate involvement of people of color and Native Americans in the child protection system. By allowing and directing efforts related to prevention and family preservation, families of color and Native American families could benefit from this proposal. Further, poverty is inextricably linked to child welfare involvement. This proposal could also benefit families experiencing financial related issues.

Out-of-home placements of African American children due to parental drug abuse have fluctuated in the last couple of years. In 2020, there were 93 placements of children related to parental drug abuse. In 2021, there were 78 placements, down 16% from the previous year. And in 2022, there were 113 placements, up 45% from the previous year.

Out-of-home placements of American Indian children due to parental drug abuse have gone down in the last couple of years. In 2020, there were 324 placements of children related to parental drug abuse. In 2021, there were 290 placements, down 10% from the previous year. And in 2022, there were 267 placements, down 8% from the previous year.

Tribal Consultation:

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

☒Yes
☐No

With the adjustment to the allocation formula, there may be slight modifications to the distribution of funds. Attention will be needed to monitor major changes in allocation amounts. However, due to the variance of funding amounts available in the Opioid Epidemic Response Account, there are already variations in allocation

[7] https://mn.gov/mmb/oar/.

amounts across years. Further, without an adjustment in the formula, there will be variations in amounts due to decreasing numbers of children in out of home care due to parental substance abuse.

This proposal would impact the three Initiative Tribes. Tribal engagement efforts will elicit feedback related to this proposal. Expanded uses of these funds will support Tribal innovation and work to prevent out-of-home placement. Knowing these funds will not sunset will enable tribes to engage in long-term planning for how they are used.

Impacts to Counties:

As is true for Initiative Tribes, the adjustment to the allocation formula might result in slight modifications to the distribution of funds. Attention will be needed to monitor major changes in allocation amounts. However, due to the variance of funding amounts available in the Opioid Epidemic Response Account, there are already variations in allocation amounts across years. Further, without an adjustment in the formula, there will be variations in amounts due to decreasing numbers of children in out of home care due to parental substance abuse.

Counties will be able to use these funds in additional ways, however, with the expansion of the eligible uses of the funds to include prevention services and family preservation activities. Knowing these funds will not sunset will enable counties to engage in long-term planning for how they are used. Additionally, this would also benefit smaller agencies, with fewer placements, that can vary drastically from year to year.

IT Costs

There are no IT costs related to this proposal.

Results:

County and Tribal social service agencies receiving funds from the Opiate Epidemic Response Account must submit a plan to DHS on how they plan to use the funds. County and Tribal agencies must also provide an annual report to the commissioner on how funds were used to provide child protection services.

DHS also monitors data using the data dashboard related to substance use, including maltreatment reports and out-of-home placements. This data will continue to be monitored.

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			0	0	0	0	0	0
HCAF			0	0	0	0	0	0
Federal TANF			0	0	0	0	0	0
Other Fund			0	0	0	0	0	0
		Total All Funds						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
		Requested FTEs						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**

Statutory Change(s):

Minn. Stat. 256.042; 256.043

Change Item Title: Summer Electronic Benefit Transfer Program Funding

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Department of Human Services	4,135	6,053	5,162	5,162
Department of Education	1,882	1,542	572	572
Federal Funds				
Expenditures	49,560	49,560	49,560	49,560
Revenues	49,560	49,560	49,560	49,560
Net Fiscal Impact = (Expenditures – Revenues)	6,017	7,595	5,734	5,734
FTEs	**19**	**26**	**26**	**26**

Request:

The Governor recommends a general fund appropriation of $6.017 million in fiscal year (FY) 2024, $7.595 million in FY 2025, and $5.734 million each year thereafter to provide the required 50 percent state administrative funding match for Minnesota to participate in the new U.S. Department of Agriculture (USDA) Summer Electronic Benefit Transfer Program (Summer EBT), which officially launches in summer 2024. This funding will cover staffing at the Department of Human Services (DHS), Minnesota Department of Education (MDE) and Minnesota Information Technology Services (MNIT), software solutions, benefit issuance, and vendor payments. Participation is estimated to bring in more than $49 million in federal funds annually to benefit Minnesota families.

Rationale/Background:

The Consolidated Appropriations Act, 2023, authorized a permanent, nationwide Summer Electronic Benefit Transfer Program (Summer EBT) beginning in Summer 2024. The Act required the U.S. Department of Agriculture (USDA) to promulgate interim final rules for the program, which were recently issued by USDA's Food and Nutrition Service (FNS).[8] In order to participate in the program, states are federally required to provide a 50% funding match from non-federal sources to cover administrative costs.

This recommendation will use existing infrastructure from the Pandemic Electronic Benefit Transfer Program (P-EBT) to start this program in Minnesota in summer 2024. While using these systems, MNIT will develop and build an in-house portal for Summer EBT implementation in future years. For convenience, the Minnesota Department of Education (MDE) and DHS plan to use the same vendors and systems to issue benefits for Summer EBT as those currently used by the Supplemental Nutrition Assistance Program (SNAP).

Although Summer EBT eligibility figures are not final, FNS estimates that over 400,000 children in Minnesota will be eligible for Summer EBT benefits. Under Summer EBT, they would each be eligible for a benefit of $120 over the summer months. Summer EBT benefits will come in the form of pre-loaded cards that families can use to purchase groceries. Based on these numbers, this program could bring in more than $49 million in federal funds annually to benefit Minnesota families.

[8] 7 CFR Part 292. eCFR :: 7 CFR Part 292 – Summer Electronic Benefits Transfer Program.

This program would have a positive impact on food security for families with school-aged children. However, the work for Summer EBT cannot begin until the State of Minnesota identifies the necessary state match of non-federal funds required to administer this program. Therefore, it is crucial that state funding is allocated as soon as possible to begin work and bring these additional benefits to students in need by summer 2024. To ensure that Summer EBT is ready to launch in the summer of 2024, MDE and DHS are using current resources to temporarily cash flow administration and early implementation costs in the current fiscal year. This budget proposal includes funding in FY2024 to reimburse DHS for the cash flow costs.

Proposal:

This recommendation provides the required 50 percent state administrative funding match for Minnesota to participate in the new U.S. Department of Agriculture (USDA) Summer Electronic Benefit Transfer Program (Summer EBT), which officially launches in summer 2024.

The recommended appropriation includes staffing at Minnesota Department of Education (MDE), the Department of Human Services (DHS), and Minnesota Information Technology Services (MNIT), software solutions, benefit issuance, and vendor payments. Costs in FY2024 and FY2025 include staffing and technical costs to develop and operationalize the program. Beginning in FY 2026 and each year thereafter, the ongoing cost to administer Summer EBT will be $5.734 million. This recommendation also reallocates the annual $150,000 in MN State Statute 124D.111 currently used to incentivize Summer Food Service Program (SFSP) sponsor participation to cover a portion of the Summer EBT state administrative funding match requirement.

The Summer EBT funding and program responsibilities in this recommendation for the Department of Human Services will transfer to the Department of Children, Youth, and Families once it is operational.

Impact on Children and Families:

During the COVID-19 pandemic, USDA created the pandemic electronic benefit transfer program. This program was successful in assisting low-income families afford food when school meal programs were unavailable. Similarly, this program is intended to assist these families in the summer when school is traditionally out of session. With increased cost of living in recent years, this program is essential in giving our youth a healthy start.

Summer EBT will reduce childhood hunger during the summer months, which are the hungriest time of year for students who miss the meals offered during the school year. Research shows that providing families with summer grocery benefits reduces child hunger and supports healthier diets. USDA tested Summer EBT as a demonstration project in select states for several years. Rigorous evaluations showed that Summer EBT decreased the number of kids with very low food security by about one-third.[9] Current estimates show that over 400,000 children in Minnesota will benefit from Summer EBT.

Equity and Inclusion:

Summer EBT provides grocery-buying benefits to low-income families with school-aged children when schools are closed for the summer. Children who are currently receiving assistance through the Supplemental Nutrition Assistance Program (SNAP), Minnesota Family Investment Program (MFIP), Tribal TANF, Medical Assistance, and foster care are also eligible for Summer EBT through a direct certification process. People of color and American Indians are overrepresented in public assistance programs in Minnesota. Summer EBT will reduce childhood hunger during the summer months, especially for Black, Indigenous, and children of color who are overrepresented among children who are eligible for the program.

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[9] Summer Electronic Benefit Transfer for Children (SEBTC) Demonstration: A Summary Report. United States Department of Agriculture – Food and Nutrition Service. 2016. https://fns-prod.azureedge.us/sites/default/files/ops/sebtcfinalreport-summary.pdf.

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

☒Yes
☐No

Unlike what was seen with Pandemic Electronic Benefit Transfer (P-EBT), USDA has indicated that Tribal Nations are allowed to participate in Summer EBT on their own. Because of this, Tribal representation will be sought for the planning and implementation of Summer EBT in Minnesota, with check-ins being scheduled through MDE and DHS Tribal Liaisons. Tribes have not yet indicated this proposal as a priority but they did participate in P-EBT and have a significant impact on SNAP participation. Therefore, the relationship and impact of P-EBT is assumed to be similar for Summer EBT.

Impacts to Counties:
Summer EBT will be administered by the state rather than county human services agencies. This program should not have a fiscal, programmatic, or operational impact county human services agencies.

Results:
Summer EBT will provide grocery-buying benefits to low-income families with school-aged children when schools are closed for the summer. Beginning in Summer 2024, eligible families will receive $40 per child, per month, over the summer months. FNS estimates that at over 400,000 children in Minnesota will benefit from Summer EBT. Summer EBT is based on USDA's Summer EBT for Children demonstration projects and Pandemic EBT,[10] which have been proven to reduce child hunger and improve diet quality.

Families will receive Summer EBT benefits on pre-loaded cards that they can use to purchase groceries. These benefits work together with other available FNS nutrition assistance programs, such as summer meal sites, SNAP, and WIC, to help ensure kids have consistent access to critical nutrition when school is out.

Fiscal Detail:
The table below details administrative expenses at the Department of Human Services. This program is expected to fully transition to the Department of Children, Youth and Families. Standard federal fund participation rates applied to administrative and systems costs for DHS programs is noted below.

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 27-28
General Fund			4,135	6,053	10,188	5,162	5,162	10,323
HCAF					-			-
Federal TANF					-			-
Other Fund					-			-
Total All Funds			4,135	6,053	10,188	5,162	5,162	10,323
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 27-28**

[10] United States Department of Agriculture-Food and Nutrition Service. Summer Electronic Benefit Transfer for Children: Previous Demonstrations. Summer Electronic Benefit Transfer for Children (SEBTC) | Food and Nutrition Service (usda.gov).

General Fund	12	Program management, operations and evaluation (6,6,6,6)	435	1,027	1,462	1,027	1,027	2,054
General Fund	11	Financial Operations Accountant (0,1,1,1)	-	152	152	152	152	304
General Fund	12	Call center staff (10,10,10,10)	454	1,115	1,569	1,226	1,226	2,452
General Fund	11	Program integrity (0,2,2,2)	-	280	280	327	327	654
General Fund	12	Support and training (3,7,7,7)	186	1,042	1,228	1,140	1,140	2,280
General Fund	11	Electronic Benefit Transaction Vendor @ 50%	1,500	1,500	3,000	1,500	1,500	3,000
General Fund	11	MNIT system build @ 50%	859	1,205	2,064	241	241	482
General Fund	11	System applications @ 50%	10	18	27	18	18	35
General Fund	12	Printing and mailing	370	370	740	370	370	740
General Fund	12	Employee support	26	59	85	59	59	118
General Fund	12	Additional operational support	1,127	854	1,981	704	704	1,407
General Fund	REV1	FFP @ 32%	(831)	(1,568)	(2,399)	(1,601)	(1,601)	(3,203)
		Requested FTE's						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 27-28**
General Fund	12	Program FTEs	19	23	23	23	23	23
General Fund	11	Operations (Financial Operations and Program Integrity)	0	3	3	3	3	3

Statutory Change(s):

N.A.

Human Services
FY 2024-25 Supplemental Budget Change Item

Change Item Title: Addressing Food Security for Minnesotans

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	5,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	5,000	0	0
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends investing $5 million from the general fund in FY 2025 to address the food security needs of Minnesotans. This appropriation will provide a onetime funding increase for the following programs:

- $2 million for the Minnesota Food Shelf Program under Minnesota Statutes, section 256E.34. Base funding is currently $4.7 million per year.
- $1 million for the American Indian Food Sovereignty Funding Program under Minnesota Statutes, section 256E.342. Base funding is currently $3 million per year.
- $2 million for regional food banks the commissioner contracts with for the purposes of the federally-funded The Emergency Food Assistance Program (TEFAP).

This proposal will provide critical funding to community-based food shelves, regional food banks, and Tribal Nations in Minnesota that are experiencing high levels of demand for food resources in their communities.

Rationale/Background:

The Legislature made significant investments in the state's emergency food system during the 2023 legislative session, following recommendations in the Governor's 2024-25 biennial budget to increase funding for food shelves, provide capital for facility improvements, and establish state-funded programs for Tribal food security and SNAP outreach. Despite these critical investments, food support continues to be in high demand across Minnesota due to high prices for food and other necessities impacting family budgets.[11] The end of programs such as emergency Supplemental Nutrition Assistance Program (SNAP) allotments, or E-SNAP, that temporarily increased monthly grocery-buying benefits for thousands of low-income Minnesota households during the pandemic has also contributed to the strain on family budgets.[12]

Minnesota had a record number of food shelf visits in 2023. Food shelves served over 7.5 million visits from January 2023 to December 2023. This represents over 1.8 million more visits than the previous record set in 2022.[13] The demand for food assistance in Minnesota reflects trends nationally: According to data from the United States Department of Agriculture (USDA), 12.8 percent, or 17 million U.S. households, were food

[11] Federal Reserve Bank of St. Louis. Consumer Price Index for All Urban Consumers: Food in U.S. City Average. https://fred.stlouisfed.org/series/CPIUFDSL.
[12] Minnesota Department of Human Services. Extra COVID Emergency SNAP Has Ended. https://mn.gov/dhs/snap-changes/end-of-e-snap/.
[13] Hunger Solutions Minnesota. Food Shelf Visits 2023. https://www.hungersolutions.org/wp-content/uploads/2024/02/Food-Shelf-Visits-2023.pdf.

insecure during some time in 2022, an increase from 10.5 percent of U.S. households in 2019.[14] USDA data show similar food insecurity trends among households with children.[15]

Grants to food shelves and food banks will direct critical resources to the emergency food system, which is currently under strain given high demand for additional food support across Minnesota. Funding for Tribal Nations will help ensure that additional resources are provided directly to American Indian communities, which experience higher rates of food insecurity and other socioeconomic disparities than the general population. This recommendation builds on the investments from the 2023 legislative session by providing an additional, onetime increase to Minnesota's emergency food system to close funding gaps and increase access to food.

Proposal:

This proposal invests $5 million from the general fund in FY 2025 to address the food security needs of Minnesotans. This is a onetime appropriation that will provide funding increases for the following programs.

<u>Minnesota Food Shelf Program</u>
$2 million will be distributed to nonprofit and Tribal food shelves under the Minnesota Food Shelf Program. The Minnesota Food Shelf Program provides grants to support the food purchasing and operational needs of Minnesota food shelves. Eligible uses of grant funds include, but are not limited to:

- food, including culturally relevant foods
- diapers and hygiene supplies
- equipment, technology, personnel, and outreach
- space and rental
- transportation expenses (mileage, gas cards, delivery fees, supplies)
- translation and interpretation services

<u>American Indian Food Sovereignty Funding Program</u>
$1 million will be distributed to Tribal Nations under the American Indian Food Sovereignty Funding Program. This program was established by the Minnesota Legislature in 2023 to support the food security needs of Minnesota's Tribes. The Department of Human Services (DHS) currently contracts with nine of Minnesota's 11 Tribes for the purposes of the program. 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. This investment will support Tribal Nations with flexible funding, allowing each Tribe to determine how the additional resources can best meet the food security needs of their communities.

<u>Minnesota Food Bank Funding</u>
$2 million will be distributed to Minnesota's six regional food banks that contract with DHS for the purposes of the federally-funded The Emergency Food Assistance Program (TEFAP). TEFAP distributes U.S. Department of Agriculture (USDA) foods to individuals and families who use food shelves, on-site meal programs, and shelters.

The program provides nutritious, domestically produced food to Minnesotans in need, and provides direct support to the agriculture community. Funds are used to cover costs associated with storage, distribution, and

[14] United States Department of Agriculture. Trends in U.S. Food Security. https://public.tableau.com/views/TrendsinU_S_FoodSecurity/FoodSecurityCharacteristics?amp;:display_count=n&:embed=y&:sid=&:toolbar=n&:origin=viz_share_link.
[15] United States Department of Agriculture. Trends in U.S. Food Security among Households with Children. https://public.tableau.com/views/TrendsinfoodinsecurityinU_S_householdswithchildren/FoodSecurityCharacteristics?:language=en-US&:display_count=n&:embed=y&:origin=viz_share_link&:sid=&:toolbar=n.

administration of USDA foods and programs. This onetime state funding increase will supplement approximately $4.5 million in annual federal TEFAP funding.

Impact on Children and Families:

Data show that food insecurity rates among households with children have increased in recent years, particularly among Black and Hispanic households with children.[16] Household food insecurity affected 17.3 percent (6.4 million) of U.S. households with children in 2022.[17] In Minnesota, more than half of SNAP recipients are children and their families. Children also represent over one-third of food shelf visits in the state. Adequate food security leads to emotional, spiritual, and physical well-being that leads to long-term healthy and independent communities. Access to food, including culturally relevant food, supports children and families to thrive in school, at work, and in their communities. This proposal will increase access to food for children and their families.

Equity and Inclusion:

Poverty rates among Minnesota's Black and Indigenous residents (25 percent and 30 percent, respectively) were two to three times higher than the statewide poverty rate of 9.6 percent in 2022. Additionally, nearly 17 percent of Hispanic Minnesotans were below the poverty level in 2022 compared to 7.2 percent of the non-Hispanic white population.[18] Food insecurity is not experienced equally and reflects these broader socioeconomic and racial disparities, both nationally and in Minnesota. In the U.S., Black and Hispanic households experience food insecurity at over double the rate of white households.[19] Food insecurity data in Minnesota show similar disparities between people of color and white Minnesotans.[20] People of color and American Indians are 22 percent of the state's population but 47 percent of adults receiving SNAP benefits. Black adults are 27 percent of the SNAP caseload and 8 percent of the state's population. American Indian adults are 4.5 percent of the SNAP caseload and 1.4 percent of the state's population.

Additional funding for food shelves, food banks, and Tribal Nations will increase the availability of food, including culturally relevant food, and help support food security for Minnesotans, including those that are most impacted by the state's socioeconomic racial disparities and resulting inequities in access to food.

Tribal Consultation:

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

☒Yes
☐No

DHS contracts with nine of Minnesota's 11 Tribal Nations for the American Indian Food Sovereignty Funding Program. The program 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 in designing the program.

Impacts to Counties:

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[16] United States Department of Agriculture. Trends in U.S. Food Security among Households with Children. https://public.tableau.com/shared/XZDJZX5MM?:toolbar=n&:display_count=n&:origin=viz_share_link&:embed=y.
[17] United States Department of Agriculture. Key Statistics and Graphics. USDA ERS - Key Statistics & Graphics.
[18] Minnesota Compass. Poverty Rates By Race. https://www.mncompass.org/chart/b6768-1/poverty-disparities-race-0.
[19] United States Department of Agriculture. Trends in food insecurity by race and ethnicity, 2001–22. https://public.tableau.com/shared/38R7MNBWS?:toolbar=n&:display_count=n&:origin=viz_share_link&:embed=y.
[20] Wilder Foundation, New Food Insecurity Data Highlight Minnesota's Continuing Disparities and the Need for Multi-Sector Solutions, 2020.

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

IT Costs

Not applicable.

Results:

This proposal will increase funding for food shelves, food banks, and Tribal Nations in Minnesota to address the food security needs of Minnesotans. This proposal will ease pressure on Minnesota's emergency food distribution system and result in fewer Minnesotans experiencing food insecurity.

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				5,000	5,000			
HCAF								
Federal TANF								
Other Fund								
		Total All Funds		5,000	5,000			
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
GF	47	Minnesota Food Shelf Program		2,000	2,000			
GF	47	American Indian Food Sovereignty Funding Program		1,000	1,000			
GF	47	Minnesota Food Bank Funding		2,000	2,000			
		Requested FTEs						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**

Statutory Change(s):

Not applicable.

Change Item Title: SNAP, TANF, and Title IV-E Federal Compliance (CF-47)

Fiscal Impact ($000s)	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**
General Fund				
Expenditures	0	508	469	469
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	508	469	469
FTEs	**0**	**4**	**4**	**4**

Request:
The Governor recommends investing $508,000 in FY 2025 and $939,000 in FY 2026-27 from the General Fund to ensure compliance with federal laws and regulations because of recent changes to the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) that were passed as part of the federal debt ceiling agreement (Fiscal Responsibility Act of 2023), and compliance with federal laws regarding labor trafficking of youth and missing children.

Rationale/Background:

SNAP and TANF Compliance
The Department of Human Services (DHS) is in the process of implementing recent changes to SNAP and TANF that were passed as part of the federal debt ceiling agreement. The Fiscal Responsibility Act of 2023 was signed into law on June 3, 2023, and includes several changes to SNAP and TANF:

- Raising the age at which adults without dependents may be exempted from SNAP work requirements from 49 to 54.
- Exempting veterans, people experiencing homelessness, and former foster youth (under the age of 25) from SNAP work requirements.
- Recalibration of the caseload reduction credit for TANF. The caseload reduction credit is calculated based on a comparison of the current number of families receiving TANF cash assistance with the caseload in 2005. The agreement changes the comparison year from 2005 to 2015.
- A requirement to report on the share of recipients with earnings and median earnings two quarters after leaving TANF.
- A requirement to report on employment four quarters after exit for those recipients with employment in the second quarter.
- A requirement to report whether those under age 24 who were subject to work requirements and in high school while receiving TANF attain a high school degree or its equivalent within a year after leaving TANF.

Federal Compliance – Missing and Labor Trafficked Children
The federal Preventing Sex Trafficking and Strengthening Families Act of 2014 (Public Law 113-183) requires a child welfare response to missing children, addressed in Minnesota law. Federal audits identified gaps in the

required response, including gaps in screening for sex trafficking and untimely reporting and communication between child welfare agencies, the National Center for Missing and Exploited Children (NCMEC) and law enforcement.[26]

Labor trafficking is a form of human trafficking that is not currently child maltreatment under Minnesota law, nor part of screening when a child is recovered from a missing episode. It occurs when a person is forced, coerced, tricked, or held in bondage through intimidation or debt so that they will provide labor or services for another person. Child labor trafficking commonly occurs in construction, forced criminality, domestic work, and restaurants, and victims may not be identified or may be criminalized.[27] Children experiencing labor trafficking are often isolated, unidentified, and unsupported by child welfare and Safe Harbor response.

Changes to Minnesota law are needed to ensure federal compliance regarding missing and labor trafficked children.

Proposal:

SNAP and TANF Compliance

This proposal provides funding to implement and ensure compliance with federal laws and regulations because of recent changes to SNAP and TANF that were passed as part of the federal debt ceiling agreement (Fiscal Responsibility Act of 2023). This includes system changes to the MAXIS eligibility system to:

- Raise the age at which adults without dependents may be exempted from SNAP work requirements from 49 to 54.
- Exempt veterans, people experiencing homelessness, and former foster youth (under the age of 25) from SNAP work requirements.

In addition to the system costs, this proposal includes 4 FTEs to:

- Provide technical assistance to counties and Tribal Nations and implement new SNAP policies and procedures.
- Create tools that can be used internally and externally for use in implementing these complex policies, including:
    - Determining whether a SNAP recipient is a veteran.
    - Determining whether a SNAP recipient aged out of foster placement.
    - Developing reports to help internal and external staff understand the impact of the SNAP policy changes.
    - Adapting reporting to compensate for work arounds that will be used until changes can be made in MAXIS.
- Recalibrate the caseload reduction credit. The caseload reduction credit is calculated based on a comparison of the current number of families receiving TANF cash assistance with the caseload in 2005. The agreement changes the comparison year from 2005 to 2015.
- Report on the share of recipients with earnings and median earnings two quarters after leaving TANF.
- Report on employment four quarters after exit for those recipients with employment in the second quarter.
- Report whether those under age 24 who were subject to work requirements and in high school while receiving TANF attain a high school degree or its equivalent within a year after leaving TANF.

[26] Office of Inspector General, 2023. State Agencies Did Not Always Ensure That Children Missing From Foster Care Were Reported to the National Center for Missing and Exploited Children in Accordance With Federal Requirements, A-07-21-06102 (hhs.gov)
In Five States, There Was No Evidence That Many Children in Foster Care Had a Screening for Sex Trafficking When They Returned After Going Missing OEI-07-19-00371 07-05-2022 (hhs.gov)

[27] *National Human Trafficking Hotline*, 2023. https://humantraffickinghotline.org/en/statistics

Federal Compliance – Missing and Labor Trafficked Children

This proposal changes state law to make labor trafficking a mandated report, create a required child protection response to all reports of labor trafficking, expand child protection training requirements, and broaden opportunities for identification, collaboration, and services. This proposal also implements new federal requirements for information provided in missing reports and communication with NCMEC and law enforcement, to facilitate expedient location of youth and improved identification of harms like human trafficking; clarifies parties to a case who must be notified of a youth's missing status; and requires notification of tribes.

This proposal requires minor updates to the Social Services Information System (SSIS) to add labor trafficking to the new response path for sex trafficking established in 2023.

Impact on Children and Families:

SNAP and TANF Compliance

This proposal helps ensure that children and families in Minnesota receive the SNAP benefits for which they are eligible. More than half of SNAP recipients in Minnesota are children and their families.[28]

Federal Compliance – Missing and Labor Trafficked Children

This proposal has the potential to make children in Minnesota safer and prevent harm to vulnerable and at-risk youth. It builds upon coordinated efforts between the public-private Safe Harbor response, law enforcement, child welfare, and the Missing and Murdered Indigenous Relatives (MMIR) office. Changes to Minn. Stat., section 260C.212, subd. 13 have the potential to impact every child in Minnesota (and their families) who is in the custody of a county or Tribal social services agency. There will be a direct impact on children and youth who have at least one missing episode while in foster care (between 2-3%).[29] Clarifying the required response allows child welfare agencies to act quickly to recover a missing child and identify harms they may have experienced while missing.

Equity and Inclusion:

SNAP and TANF Compliance

People of color and American Indians are disproportionately served by SNAP in Minnesota. People of color and American Indians are 22 percent of the state's population but 47 percent of adults receiving SNAP benefits. Black adults are 27 percent of the SNAP caseload and 8 percent of the state's population. American Indian adults are 4.5 percent of the SNAP caseload and 1.4 percent of the state's population.[30]

Veterans, people experiencing homelessness, and former foster youth (under the age of 24) will be exempt from SNAP work requirements because of changes passed as part of the federal debt ceiling agreement. According to the U.S. Department of Veterans Affairs, most Minnesota veterans identify as white (94%). However, among veterans experiencing homelessness, 26% identify as African American and 8% identify as American Indian, illustrating large racial disparities among veterans experiencing homelessness. Most people experiencing homelessness (66 percent) in Minnesota identified as Black, Indigenous, or people of color. African Americans make up 37% of homeless adults and American Indians make up 12% of homeless adults.[31]

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[28] Characteristics of People and Cases on the Supplemental Nutrition Assistance Program, Minnesota Department of Human Services, 2022.

[29] Minn. Dept. Of Human Services, Social Services Information System, Aug. 2023. To honor their data sovereignty request, data excludes Red Lake Nation.

[30] QuickFacts Minnesota, U.S. Census Bureau, 2022. Characteristics of People and Cases on the Supplemental Nutrition Assistance Program, Minnesota Department of Human Services, 2022.

[31] Homelessness in Minnesota, Wilder Research, 2020.

American Indian children were 16.4 times more likely, African American/Black children 2.4 times more likely, and those identified as two or more races were 6.8 times more likely than white children to experience out-of-home care (i.e., foster care), based on Minnesota population estimates from 2019.[32] This proposal will benefit African American and American Indian populations who are overrepresented among people experiencing homelessness. This proposal will also benefit American Indian youth, African American youth, and youth who identify as two or more races who are overrepresented among foster care youth.

Federal Compliance – Missing and Labor Trafficked Children
There are disproportionate impacts and representation among children and youth who experience missing episodes or labor trafficking. African American/Black children made up 14% of the total children in out-of-home care in 2021, but 25.78% of the total children with missing episodes, with missing episodes that lasted 3.77 days longer than average. Children of American Indian descent had missing episodes that lasted 14.52 days longer on average.[33] Children of color and foreign national minors experience labor trafficking at higher rates than white children, according to national data and experience in the Minnesota Safe Harbor network.

Both the MMIR and Missing and Murdered African American Women Task Forces identified racist stereotypes and biases as making others less likely to see Black and Indigenous children as vulnerable, victimized, and worthy of help, and identified a lack of documentation in missing and sexual assault reports as reducing the likelihood of thorough investigations. The MMIR office and American Indian Well-Being Unit have also identified a lack of Tribal notifications when a child goes missing.

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

☐Yes
☒No

SNAP and TANF Compliance
This proposal will benefit Tribal Nations that administer SNAP by having staff dedicated to providing data and technical assistance, updating policy and procedure manuals, managing system fixes or workarounds, and providing training.

Federal Compliance – Missing and Labor Trafficked Children
The American Indian Child Welfare Initiative Tribes will be directly impacted by the child welfare provisions in this proposal as they will be required to implement new responses, will receive mandated reports of labor trafficking, and may receive an increase in notifications of missing children and youth. This proposal will have a low financial impact for Tribes due to increased case worker time and capacity needed to implement the required changes. Department staff engaged with Tribal partners through the Minnesota Indian Family Presentation Act Tribal Working Group and the Indian Child Welfare Act Advisory Council in October 2023. Engagement will continue as the new requirements are implemented.

Impacts to Counties:

SNAP and TANF Compliance
This proposal will benefit counties by providing additional technical assistance and support to assist with the implementation of the new SNAP policies. This includes updating policy and procedure manuals, managing

[32] Minnesota's Out-of-home Care and Permanency Report, Minnesota Department of Human Services, 2022.
[33] Minn. Department of Human Services, Social Services Information System, Aug. 2023. Data span 2018-2022. To honor their data sovereignty request, data excludes Red Lake Nation.

system fixes or workarounds, and providing training. SNAP staff will also work with MNIT to update MAXIS and implement the new polices.

Federal Compliance – Missing and Labor Trafficked Children
Counties will be directly impacted by this proposal as they will be required to implement new responses, will receive mandated reports of labor trafficking, and may need to increase their notifications to Tribes of missing children and youth. This proposal will have a low financial impact for counties due to increased case worker time and capacity to implement the required changes. In some larger counties, additional staffing may be needed over time. Changes will clarify the county's role and specific actions they must take when a child or youth goes missing, the information they must collect and report, and the individuals and agencies they must notify and communicate with during a missing episode. It will also ensure that all forms of trafficking are assessed for when a child or youth is recovered from a missing episode, which will result in a likely increase in mandated reports and additional staffing needs for capacity building around intake and response to labor trafficking.

More than 25 counties have participated in the development of the new labor trafficking response, as well as the improvement to the child welfare system response to all forms of human trafficking, over the past five years, largely through the department's Child Trafficking and Exploitation Work Group. Engagement with the Minnesota Association of County Social Services Administrators is ongoing.

IT Costs:

SSIS	2025	2026	2025 / 2026	2027	2028	2027 / 2028
Cost by System	$56,679	$0		$0	$0	
Operational Cost	$0	$11,336		$11,336	$11,336	
Total Cost	$56,679	$11,336	$68,015	$11,336	$11,336	$22,672
Total of All System Costs by Fiscal Year	**$56,679**	**$11,336**	**$68,015**	**$11,336**	**$11,336**	**$22,672**

Results:

SNAP and TANF Compliance
Effective October 1, 2024, Minnesota must report the following information as part of the federal TANF report:

- Report on the share of recipients with earnings and median earnings two quarters after leaving TANF.
- Report on employment four quarters after exit for those recipients with employment in the second quarter.
- Report whether those under age 24 who were subject to work requirements and in high school while receiving TANF attain a high school degree or its equivalent within a year after leaving TANF.

Federal Compliance – Missing and Labor Trafficked Children
Because labor trafficking is not currently a type of child abuse in Minnesota, data is not available in SSIS. This proposal will create the structure needed in SSIS to gather data and allow for performance measurement in the future.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 24	FY 25	FY 24-25	FY 26	FY 27	FY 27-28
General Fund			-	508	508	469	469	939
HCAF					-			-
Federal TANF					-			-
Other Fund					-			-
		Total All Funds	-	508	508	469	469	939
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 27-28**
GF	12	FTEs (0,3,3,3) - Additional research, evaluation, and SNAP policy staff	-	356	356	499	499	998
GF	11	FTEs (0,1,1,1) - Reports and forecast staff to comply with updated federal reporting requirements	0	147	147	172	172	344
GF	12	Other Admin - Community engagement contract	0	75	75	0	0	0
GF	11	Systems Account - MAXIS updates @ 55%	0	67	67	13	13	26
GF	11	Systems Account – SSIS updates @ 52%	0	48	48	0	0	0
GF	REV1	FFP @ 32%	0	-185	-185	-215	-215	-429
		Requested FTE's						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 27-28**
GF	12	Policy staff	0	3	3	3	3	3
GF	11	Reports and forecasts	0	1	1	1	1	1

Statutory Change(s):

Minn. Stat. sections 260.761, 260.762, 260C.007, 260C.212, 260E.02, 260E.03, 260E.14, 260E.17, 260E.18, 260E.20, 260E.24, 260E.33, 260E.35 and 260E.36.

Change Item Title: Weighted Risk System for Licensed Child Care (IG-51)

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	228	122	122
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	228	122	122
FTEs	**0**	**1**	**1**	**1**

Request:

The Governor recommends $228k in FY 2025 and $244k in FY 2026-27 for the implementation of a tiered weighted risk system (WRS) to evaluate licensing compliance for child care centers and family child care providers. This proposal would replace Minnesota's child care fix-it tickets under 245A.065 with a weighted risk system which is a tiered enforcement framework that is weighted to reflect the level of risk for each child care licensing regulation. The weighted risk system was developed through extensive stakeholder engagement and survey analysis of nearly 2,400 respondents conducted through the Child Care Regulation Modernization Projects.

It is anticipated that a weighted risk system for family child care providers and child care centers will result in greater consistency among child care licensors and their reviews of child care programs. The weighted risk system will also ensure that state and county resources are directed towards providers most in need of technical assistance and guidance.

Rationale/Background:

In 2021, Minnesota passed legislation and allocated federal funding to support regulation modernization projects for both licensed family child care and child care centers.[34] The department contracted with the National Association for Regulatory Administration (NARA) to support these projects. One component of the Child Care Regulation Modernization Projects involves the development of a risk-based tiered violation system referred to as the Child Care Weighted Risk System (WRS).[35]

DHS and NARA have worked to develop a tiered enforcement framework that is weighted to reflect the level of risk that a child care provider violation poses to children. Surveys and focus groups were used to solicit input from stakeholders and find agreement on the level of risk violations poses to children in care. The input from these stakeholders, including licensors, providers, parents, and early childhood organizations, led to the development of the Weighted Risk System (WRS). The WRS assigns a numerical score, or weight, to each child care center and family child care rule, ranging from 1 – 10. By assigning a weight to each rule, Minnesota will

[34] Laws of Minnesota 2021, 1st Special Session, chapter 7, article 2, sections 75 and 81.
[35] Minnesota Department of Human Services Child Care Regulation Modernization Projects website, available at: https://mn.gov/dhs/partners-and-providers/licensing/child-care-and-early-education/child-care-regulation-modernization.jsp

have a quantifiable, objective, stakeholder-supported method to show the potential impact to children in care if a rule is violated.

In September 2023, a pilot project was initiated to test the WRS. The findings from the pilot will aid NARA and DHS in refining the WRS and preparing a for a report and proposed legislation to implement the WRS which will be provided to the Legislature once findings are complete.

The proposed WRS is anticipated to create a weighted risk score for each regulation and allow for subsets of regulations below a certain risk threshold to be eligible for Documented Technical Assistance (DTA). Items cited for DTA would not be cited as correction orders or publicly posted as a violation but, nonetheless, would be documented. This new data-and stakeholder-driven WRS would replace the need for the current "fix-it ticket" system, which is administratively cumbersome for both licensors and licensees.

Minnesota Statute 245A.065 created the regulatory enforcement mechanism for licensed child care called the "fix-it ticket." The fix-it ticket was created to allow child care license holders 48 hours to correct infractions that were believed to not immediately endanger children served in their programs without receiving a correction order required by Minn. Stat. 245A.06.

The WRS would expand the tiered violation system framework used to identify fix-it ticket eligible infractions. DHS anticipates the WRS would eliminate the need for the fix-it ticket process if it is approved by the legislature.

Proposal:

After consulting with licensed child care stakeholders and NARA, the commissioner recommends: 1) adoption of the proposed weighted risk system (WRS) to evaluate child care licensing violations; and 2) repeal of the fix-it ticket requirement specified in MN Statutes 245A.065.

Implementing these activities requires one permanent position for training and implementation support (Human Services Program Representative 2) to support counties related to their licensing of family child care providers.

System modifications performed by MNIT will be required to the modify the ELICI system to implement this proposal. These systems changes are estimated to take approximately 3 months to complete. Additionally, systems modifications performed by its third party vendor (Salesforce) will be required to the licensing provider and reporting hub related to existing ELICI web services.

Impact on Children and Families:

The WRS enforcement framework is based on proven analysis utilized in several other states and Canadian provinces. The WRS would support fair and consistent licensing enforcement throughout the state while also meeting the department's priority of ensuring all children have access to a healthy start, quality child care and early education.

Equity and Inclusion:

This proposal could improve guidance for licensors by producing an objective and easily comparable set of information about a licensees' compliance history, prior to an inspection. This in turn could improve consistency in licensing decision-making, which may benefit smaller child care providers in under-resourced communities who have reported more challenges with licensing compliance compared to larger and better-resourced providers. Anecdotally, we have heard from providers that larger providers or "bigger shops" have an easier time with being compliant, versus "smaller shops" which are penalized or disproportionately impacted by licensing enforcement.

Tribal Consultation:

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

☐Yes
☒No

Impacts to Counties:

This proposal impacts counties and licensees in several ways. Child care licensors and licensees agree that the fix-it ticket process is inefficient and often requires follow up to verify the infraction has been corrected. This proposal would allow providers to resolve documented low-risk licensing infractions without the issuance of a fix-it ticket or correction order. Low-risk violations would result in a published correction order if the same infraction were present during the next inspection.

This proposal promotes consistency by standardizing the enforcement of licensing rules throughout the state. This benefits state and county licensors and their supervisors by providing them with data-driven tools, such as a pre-licensing inspection profile and a tiered system that sorts each regulation into a suggested enforcement "bucket" based on its weighted risk score (e.g., Documented Technical Assistance for low-risk, Correction Order for medium risk, and possible adverse licensing action for high-risk rules.

Licensors have been engaged throughout extensive stakeholder engagement efforts conducted by the child care regulation modernization project to develop this proposal, including focus groups and the weighted risk system survey. There are currently a small number of county licensors actively testing out the WRS concept in a pilot project being conducted by DHS and NARA. See the "Public and Stakeholder Engagement" section below for a full overview of engagement conducted.

IT Costs

Category	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*	*FY 2028*	*FY 2029*
Payroll						
Professional/Technical Contracts	0	80,000	0	0	0	0
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services	0	53,353	10,671	10,671	0	0
Staff costs (MNIT or agency)						
Total	**0**	**133,353**	**10,671**	**10,671**	**0**	**0**
MNIT FTEs						
Agency FTEs						

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			0	228	228	122	122	244
HCAF								
Federal TANF								
Other Fund								
		Total All Funds	0	228	228	122	122	244
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
GF	11	OIG Licensing FTE (Salary and Fringe)	0	140	140	163	163	326
GF	11	MNIT System Costs	0	53	53	11	11	22
GF	11	SalesForce System Costs	0	80	80	0	0	0
11	REV	Admin FFP (32%)	0	(45)	(45)	(52)	(52)	(104)
		Requested FTEs						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
GF	11	OIG Licensing FTE	0	1		1	1	

Statutory Change(s):

The proposal will require repeal of fix-it tickets in Minn. Stat. 245A.065 and replace with language to adopt the WRS.

Change Item Title: Transition to the New Department of Children, Youth, and Families

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
Department of Children, Youth, and Families				
General Fund				
Expenditures	0	1,024	4,190	3,952
Department of Human Services				
General Fund				
Expenditures	0	824	1,648	1,648
Department of Education				
General Fund				
Expenditures	0	173	345	345
Net Fiscal Impact = (Expenditures – Revenues)	0	2,021	6,183	5,945
DCYF FTEs	**0**	**56.0**	**56.0**	**56.0**
DHS FTEs	**0**	**19.5**	**19.5**	**19.5**
MDE FTEs	**0**	**2.6**	**2.6**	**2.6**

Request:
The Governor recommends priority investments at DCYF related to legislative recommendations and community feedback on the importance of engagement, partnership, and navigation. The request also includes additional resources for agency operations to support high-quality services at the new Department of Children, Youth, and Families (DCYF) and addresses key gaps in central functions at the Department of Human Services (DHS) and Department of Education (MDE) resulting from transferring resources to the new agency. The proposal provides necessary resources so all agencies can successfully operate programs serving Minnesotans.

The proposal will provide staff to support meaningful and effective engagement with counties and consultation with Tribes, and funding for leadership positions focused on family navigation and coordination for children and youth with mental health needs and/or who have or are at risk for disabilities. It also establishes a central operations budget at the new DCYF and addresses critical gaps at originating agencies that may result from transferring proportional operating resources to the new agency.

Rationale/Background:
The 2023 legislature appropriated funding for executive team functions and temporary, one-time planning funds for the new Department of Children, Youth, and Families, but expected agencies to continue planning and analyzing the ongoing operational needs for the new agency. Since then, Minnesota Management and Budget (MMB) has been engaging communities and external partners, staff and employees as well as analyzing operating budgets and evaluating agency structures to develop a staffing model that will support the array of programs transferring to the new agency.

Central operations include those shared resources that support the collective programs across an agency. It includes externally facing functions, like community engagement experts and Tribal liaison leaders, as well as internally facing teams, like human resources and financial operations. While internal infrastructure supporting programs is often invisible to most Minnesotans, they are critical to a well-functioning agency. These are the services needed to ensure that community engagement is effective, that program staff have the tools needed to do their jobs, and that payments to program participants and vendors are made timely and accurately.

Intergovernmental Engagement

Legislation establishing DCYF directed Minnesota Management & Budget (MMB) to recommend a method:

> [T]o coordinate and partner with county and Tribal governments, including through the use of a governing authority, such as an intergovernmental advisory committee. The recommendations must be developed in coordination with county and Tribal governments.[36]

Counties and Tribes are key local partners in administering many of the programs transferring to DCYF, particularly those currently at the Department of Human Services (DHS). DCYF can be most effective in its supervision of programs that are administered by counties and Tribes when it engages those governments and their human services leaders in a regular and meaningful way. In addition to their key administrative role, counties fund about 30 to 45 percent of children's social services program costs in Minnesota.[37]

As reflected in the DCYF transition report, MMB's DCYF Implementation Office met twice monthly with county leaders identified by the Association of Minnesota Counties (AMC) and Minnesota Association of County Social Services Administrators (MACSSA) and developed a mutually agreeable approach to ongoing engagement.

The Administration actively engaged in Tribal consultations and meetings with Tribal leaders, members, and others from indigenous communities in the state. In these conversations the Implementation Office heard that each Tribe would likely want to make an independent decision about the method of consultation from DCYF and that such consultation may or may not include participation in an intergovernmental advisory committee comprised of mostly county members –noting the distinction in Tribal governance status.

Family Navigation

The Department of Children, Youth, and Families (DCYF) transition implementation has included robust engagement activities. Through dialogue with advocates, the administration has heard specific recommendations for leadership positions that would elevate and coordinate policy, budget, engagement, and other administrative actions to improve navigation of services with a specific focus on outcomes and coordination for children and youth with mental health needs and/or who have or are at risk for disabilities.

Families who have children with disabilities are largely facing challenges navigating services across education, health, human services, and many other systems. Similarly, the mental health needs of children and youth are growing. With children's mental health and disability programs and services in multiple agencies, the administration recommends leadership at the new agency to ensure coordination of programs and services to better address these needs.

Additionally, advocates for the new agency have asked for leadership focused on family navigation and being proactively responsive to program and service navigation concerns for children and families to make it easier for them to get what they need.

Central Agency Operations

Since July 2023, Minnesota Management and Budget has been coordinating cross-agency analysis of central operating functions and structures to develop a staffing model that will support the programmatic needs of the Department of Children, Youth, and Families. Research has included interviews with state agency leaders at several cabinet level agencies, analysis of central operation organizational structures and functions, and feedback from subject matter experts with experience operating programs that will transition to the new

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[36] MN Session Laws 2023, Ch. 70, Section 31 (b).

[37] *Minnesota County Human Service Cost Report for 2020*, p. 53, Table 12, May 15, 2023; and *Minnesota County Human Service Cost Report for 2019*, p. 53, Table 12, May 5, 2021; Minnesota County Human Service Cost Report for 2018, p. 53, Table 12, October 8, 2020. (These are the most recent published reports available.)

agency. Potential models were evaluated against comparable state agencies to develop a final recommendation that accounts for the unique characteristics and complexity of DCYF.

The model represents the total central functions contingent needed to ensure that the new agency can successfully manage the third-largest general fund budget among all state agencies, as well as a complex mix of forecasted, state, and federally funded programs. It also accounts for the large grant portfolio that the new agency will be responsible for administering. Additionally, DCYF will need to successfully engage in governance and partnership with county and tribal administered program and community organizations. It will need resources to be responsive to a diverse array of partners and people who access services.

DCYF is expected to have about 900 FTE once all programs and operations transition. Based on the size and functions, it is estimated to need a central operations made up of 173 FTE, or 19 percent of the total agency FTE. This comparable in size to other similar agencies, such as the Departments of Human Services, Revenue, Education, and Pollution Control.

The majority of the central functions resources for DCYF are expected to transfer from the Department of Human Services and Department of Education as programs transition. Chapter 70 required agencies to identify proportional operating resources supporting DCYF programs. In coordination with Minnesota Management and Budget, originating agencies have identified resources to transfer. For example, DHS identified 118 FTE and MDE identified 2.6 FTE that would move to DCYF.

However, central operating structures supporting program areas identified to transfer oftentimes also support programs that will remain at originating agencies. In some cases, the proportional resources represent a fraction of a person’s time. In other cases there are specialized functions or individual positions that will be needed by both agencies. As a result, the identification of capacity and resources for transfer is a more complex analysis that requires re-organization of operating structures and staffing for all impacted agencies. Transferring all of the proportional resources may leave critical operating gaps at the originating agencies that need to be addressed in order to maintain program operations.

Proposal:

This proposal:

- Includes priority investments related to legislative recommendations and community feedback on the importance of engagement, partnership, and navigation;
- Invests in agency operations to support high-quality services for children, youth, and families;
- Addresses critical gaps in central functions at DHS and MDE resulting from transferring resources to the new agency.

Priority Investments for Engagement, Partnership, and Navigation

The recommendation includes funding for leadership positions to support stronger partnership with counties and tribes, and leadership positions focused on family navigation and coordination based on legislative, community, and family feedback.

Two of the positions will actively engage the 87 counties and nearly 80 county human services agencies, around the nearly 90 county-administered programs and grants. This includes the administration of an intergovernmental advisory committee comprising leadership from Department of Children, Youth, and Families (DCYF), counties, and --at the option of each Tribe-- Tribes. In addition, one FTE is planned to be dedicated to consult with each of the 11 Tribal nations and their human services agencies to supplement a Tribal consultation FTE that was authorized in the 2023 session.

In addition to regular engagement, the staff would support a new intergovernmental advisory committee. Legislation would codify an ongoing expectation of the DCYF commissioner to co-develop a process with AMC and MACSSA to meet at least quarterly with a new intergovernmental advisory committee, with the likelihood of additional meetings of workgroups. The committee is established to provide advice, consultation, and recommendations to the commissioner on the planning, design, administration, funding, and evaluation of services to children, youth, and families.

The recommendation also includes two FTE and funding to support the beginnings of an office for family navigation within DCYF. Based on community learnings, the Governor's recommendation includes policy language to direct the commissioner of DCYF to have dedicated leadership to coordinate across the new agency and with other agencies to focus on and improve service navigation and coordination, especially for children with or at risk for disabilities and mental health needs, and a budget to fund leadership roles.

Investments in Department of Children, Youth, and Families Agency Operations

This proposal includes 36 FTE for central operating functions at the new Department of Children, Youth, and Families. While the majority of the central operations resources that DCYF needs will transfer from originating agencies, these additional staff are needed to ensure the new department has the capacity needed to support the programs transferring to the new department. Examples of positions that will be needed include communications specialists to ensure information is accessible for partners and families, grant and contract specialists to support effective grantmaking for state staff and vendors, and financial cost-allocation experts to maximize federal match on administrative costs. The central operations analysis and planning also identified opportunities to claim federal reimbursement for the DCYF administrative funding provided by the 2023 legislature, which was not expected to be available when the original appropriation was made. Additionally, some of the positions funded by this request are knowledge transfer positions that were temporarily funded by the 2023 legislature for the transition period.

This proposal also includes $350,000 in FY2026 for one-time costs associated with moving furniture when the new agency moves to a new location after the current lease ends.

In addition to agency staff, the request includes 15 IT roles that will be responsible for standing up IT operations of DCYF and ensuring continuity of services. The roles support DCYF's priorities to use data-driven decision-making and person-centered approach to technology. Examples of positions that will be needed by the new agency include staff overseeing security controls, developing and managing system architecture, network infrastructure, and data structures.

Addressing Critical Gaps at Originating Agencies

This proposal includes 19.5 FTE for the Department of Human Services and 2.6 FTE for the Department of Education to address critical gaps in operating resources as a result of transferring resources to the new agency. Minnesota Management and Budget, in partnership with DHS and MDE, analyzed agency budgets and identified critical operating functions that would need resources in order to maintain services. Agencies are planning to restructure teams and redistribute work in response to newly sized functions. In addition, interagency agreements will support some common functions needed across agencies. However, there are some operating needs that cannot be addressed through either option. For example, some positions, such as budget management staff or external relations positions, are needed by both agencies and cannot easily be shared.

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			0	2,021	2,021	6,183	5,945	12,129
HCAF								
Federal TANF								
Other Fund								
Total All Funds			0	2,021	2,021	6,183	5,945	12,129
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
GF		DCYF Total	0	3,279	3,279	7,183	6,833	14,016
GF		DCYF Admin FFP	0	(866)	(866)	(1,866)	(1,754)	(3,620)
GF		DCYF Admin FFP for 2023 Base Appropriation	0	(1,390)	(1,390)	(1,127)	(1,127)	(2,253)
GF	11	DHS Total	0	1,212	1,212	2,424	2,424	4,847
GF	REV1	DHS Admin FFP	0	(388)	(388)	(776)	(776)	(1,551)
GF		MDE	0	173	173	345	345	690
		Requested FTEs						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
GF		DCYF		56	56	56	56	56
GF	11	DHS		19.5	19.5	19.5	19.5	19.5
GF		MDE		2.6	2.6	2.6	2.6	2.6

Agency Name
FY 2024-25 Biennial Budget Change Item

Change Item Title: 2023 Budget Bill Technical Cleanup (OP-50)

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	(5,291)	5,291	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	(5,291)	5,291	0	0
FTEs	**0**	**0**	**0**	**0**

Request:
The Governor and Lieutenant Governor recommend making technical changes to ensure that the Department of Human Services can implement policy changes as intended by the legislature. This proposal is budget neutral.

Rationale/Background:
The 2023 legislature passed a historic number of changes and appropriations in health and human services across multiple bills. This proposal fixes technical errors, ensuring that the Department of Human Services can implement policy changes as intended by the legislature.

Proposal:

Administrative Carryforward Amounts
In its historic work during the 2023 legislative session, the legislature provided appropriations that were either one-time in the FY24-25 biennium or were heavily frontloaded in the FY24-25 biennium. To mitigate challenges in administering this volume of one-time funds, the legislature also specified carryforward authority for both grant and administrative funds. This proposal corrects the following errors in the amount of administrative funding that should carryforward:

- Chapter 61 Central office operations: The FY2024 appropriation with carryforward authority to 6/30/27 should be increased by $592,000 to align with the same carryforward periods of the corresponding programmatic dollars.
- Chapter 61 Central office aging and disability services: The FY2024 appropriation with carryforward authority to 6/30/27 should be increased by $1.347 million to add carryforward authority for the presumptive eligibility study under Ch. 61, Article 1, Section 81.
- Chapter 70 Central office behavioral health, deaf and hard of hearing, and housing services: The FY2025 appropriation with carryforward authority to 6/30/27 should be increased by $136,000 to align with the same carryforward periods of the corresponding programmatic dollars.

Improve the Applicant and Enrollee Experience for MA and MinnesotaCare
This proposal modifies the rider for Medical assistance and MinnesotaCare accessibility improvements (Ch. 70, Article 20, Sec. 2, Subdiv 5(a)) to align the appropriation amount with the spreadsheet and the carryforward timeline to January 30, 2027.

Navigator Funding
Over the last year, DHS has worked diligently with counties, tribes, other state agencies, and many more community partners to implement the unwinding of continuous coverage requirements in Medical Assistance and MinnesotaCare that were stood up as a result of the COVID-19 pandemic. In Chapter 22, the 2023 legislature provided one-time funding of $3 million in fiscal year 2024 to fund payments to Navigator organizations as they assist people to retain healthcare coverage during the unwinding period. This proposal provides carryforward authority for those funds as the unwinding period stretches into fiscal year 2025.

Financially Distressed Nursing Facility Loan Program
The 2023 legislature established the Financially Distressed Nursing Facility Loan Program to provide operating loans to eligible nursing facilities. The law (Minnesota Statutes 256R.55) specifies that nursing facilities don't have to start repayment for 18 months after receiving the loan and then can have 72 months to repay. The law also establishes carryforward authority through June 30, 2029 and specifies an expiration date of June 30, 2029. Given the repayment terms specified in the law, it is likely that some facilities will continue to repay the loan beyond the statute's expiration date. This proposal removes the expiration date to ensure legal authority is maintained throughout the life of the program.

Home Care Orientation Trust
In Chapter 61, the 2023 legislature appropriated $1 million in fiscal year 2024 to establish a Home Care Orientation Trust under Minnesota Statutes section 179A.54 subdivision 11. The commissioner is required to disburse this appropriation to the board of trusties of the Home Care Orientation trust for deposit into an account designated by the board of trustees. This proposal amends the rider (Ch. 61, Article 9, Sec. 2, Subdiv 16(j)) to specify that the funds are available until June 30, 2025 to give adequate time for the board of trustees to become established.

Self-Advocacy Grants
This proposal modifies the rider for the self-advocacy grants for persons with intellectual and developmental disabilities (Ch. 61, Article 9, Sec. 2, Subdiv 16(o)) to clarify that it is a one-time appropriation. This aligns the rider language with the spreadsheet and amount appropriated for this program.

Mobile Crisis and Tribal Mobile Crisis Grants
This proposal modifies the riders for mobile crisis grants (Ch. 70, Article 20, Sec. 2, Subd 29(e)) and tribal mobile crisis grants (Ch. 70, Article 20, Sec. 2, Subd 29(a)) to clarify that they are for both adult and children crisis grants.

Transition to Community Grants
Beginning in fiscal year 2025, this proposal moves the appropriation for Transition to Community grants from the Adult Mental Health Grants budget activity to the Disability Grants budget activity. This shift will reflect how the agency is structuring our work around acute care transitions.

Housing Support Supplemental Services
The 2023 Legislature passed the Revisor's bill (Chapter 25) making technical, non-substantive corrections to state law. Under statute, Revisor's bills are technical in nature and limited to clarifying and correction provisions. See section 3C.04, subdivision 4. Chapter 25 erroneously repealed a provision (256B.051, Subd 7) as obsolete, however this provision is not obsolete as it clarifies how housing support supplemental service rates should be established when authorized for a person who is also eligible for the Medicaid service Housing Stabilization Services (HSS). This proposal fixes this error included in the Revisor's bill.

Minnesota Food Assistance Program

Previous session law included a rider that specified carryforward authority for this grant, which is administered alongside SNAP and cash assistance forecast programs. This proposal establishes carryforward authority for this biennium.

Family Assets for Independence in Minnesota (FAIM)

Chapter 70 appropriated an increase to the base for the FAIM program under the Children Services Grants budget activity (Ch. 70, Article 20, Sec. 2, Subd 22 (o)), however, the base funding is under the Children and Economic Support Grants budget activity. This proposal aligns the increased funding with the base funding.

Youth Cash Stipend

Policy language in Chapter 70 says, "This section expires June 30, 2027." (Art. 11, Sec. 13, subd. 8 – line 543.22) however the appropriations language says, "This is a onetime appropriation and is available until June 30, 2028." (Art. 20, Sec. 2, Subd. 24, para. g – lines 802.14-802.16). This proposal aligns the rider language with the policy language by modifying the carryforward through June 30, 2027.

Community Action Agency

The Community Action Agency appropriation was mistakenly included in BACT 46 Children and Community Service Grants while it should be in BACT 47 Children and Economic Support Grants. This proposal moves the appropriation to the correct budget activity.

TANF Operating Adjustment in incorrect budget activity

The operating adjustment in TANF was appropriated in central office operations budget activity (BACT 11) when it should have been in central office children and families (BACT 12). This proposal corrects this error.

Updating special revenue fund language for FFPSA grants & kinship navigator program

Chapter 70 established two special revenue funds under Minnesota Statutes 256.4793, subd 3 and 256.4794, sub 3. (Ch. 70, Article 14, Section 2, subd 3 and Ch. 70, Article 14, Section 3, subd 3). The Family First Prevention Services Act (FFPSA) allows states to retain Title IV-E reimbursement for prevention-related activities, this proposal would clarify the original intent of the proposal. This proposal adds language to allow administrative funds to transfer into the current special revenue fund to support child welfare prevention services and retain federal reimbursement. Current reporting requirements would remain in place.

Fraud Prevention Investigations (FPI) Grant Appropriations

Fraud Prevention Investigations grant funding administered by the Office of Inspector General (OIG) has been appropriated in both BACT 47 and BACT 11. This proposal creates a new BACT for grant funding administered by OIG and transfers all FPI grant funding into the new BACT.

Providing advisory council stipend funding

This proposal clarifies that funds appropriated to administer Community Resource Centers (Ch 70, Article 20, Sec. 2, Sub 4, (e)), may be used to compensate advisory council members under MS 15.0575.

Medicare Economic Index (MEI) timing

This provision amends the Medicare Economic Index (MEI) changes made during the 2023 session for Assertive Community Treatment (ACT), Intensive Rehabilitative Mental Health Services (IRMHS), Intensive Residential Treatment Services (IRTS), and Residential Crisis Stabilization (RCS) rates. This modification will allow DHS to use third quarter instead of fourth quarter data. This budget neutral change will minimize payment delays for providers.

Self-Support Reserve

This provision corrects an error in statutory language related to the self-support reserve used when determining child support. Included in Laws of Minnesota 2023, chapter 70, article 14, beginning January 1, 2025 the error unintentionally eliminates the ability to provide a self-support reserve adjustment for any child support payers or recipients who are incarcerated or receive GA, SSI, TANF and/or MFIP, resulting in unaffordable obligations for some low-income child support payers.

Opioid Treatment Programs

The 2023 legislature modified the rate methodology used for Opioid Treatment Programs (OTPs). The bill language had an effective date of January 1, 2024 or upon federal approval. However, the spreadsheet appropriated funds based on an effective date of January 1, 2026 or upon federal approval, which reflects the timing needed for systems changes and the federal approval process. This proposal updates the bill language to align with the effective date reflected in the spreadsheet.

Family First Prevention and Early Intervention Allocation Program

The 2023 legislative session established a new allocation to counties and Tribal Nations under Minnesota Statutes 260.014. Statute states that the commissioner may "distribute funds for a two-year period." This proposal further clarifies that funds appropriated for this program are available for two fiscal years from the date they were appropriated.

Impact on Children and Families:

This proposal ensures that funds appropriated in the 2023 legislative session are able to be used as intended by the legislature.

Equity and Inclusion:

This proposal ensures that funds appropriated in the 2023 legislative session are able to be used as intended by the legislature. This proposal does not have a substantive impact on equity and inclusion.

Tribal Consultation:

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

☐Yes
☐No

This proposal does not have a substantive impact on Tribal Nations.

Impacts to Counties:

This proposal does not have a substantive impact on counties.

IT Costs:

This proposal does not have IT costs.

Results:

This proposal fixes technical errors in current law, ensuring that the Department of Human Services can implement policy changes as intended by the legislature.

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			(5,291)	5,291	0			
HCAF								
Federal TANF								
Other Fund								
Total All Funds								
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**
GF	11	BACT 11 admin carryforward provisions	(592)	592	0			
GF	13	BACT 13 admin carryforward provisions	(3,216)	3,216	0			
GF	14	BACT 14 admin carryforward provisions	(1,347)	1,347	0			
GF	57	BACT 57 carryforward provisions	(136)	136	0			
		Requested FTEs						
Fund	**BACT#**	**Description**	**FY 24**	**FY 25**	**FY 24-25**	**FY 26**	**FY 27**	**FY 26-27**

Statutory Change(s):

Multiple statutory changes are included in this proposal.