

Governor's FY24-25 Supplemental Budget Recommendations

House Children & Families Finance & Policy
April 9, 2024



Our mission



The Minnesota Department of Human Services, working with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Impact of DHS/DCYF Programs



620,000+ children
48% of children in MN



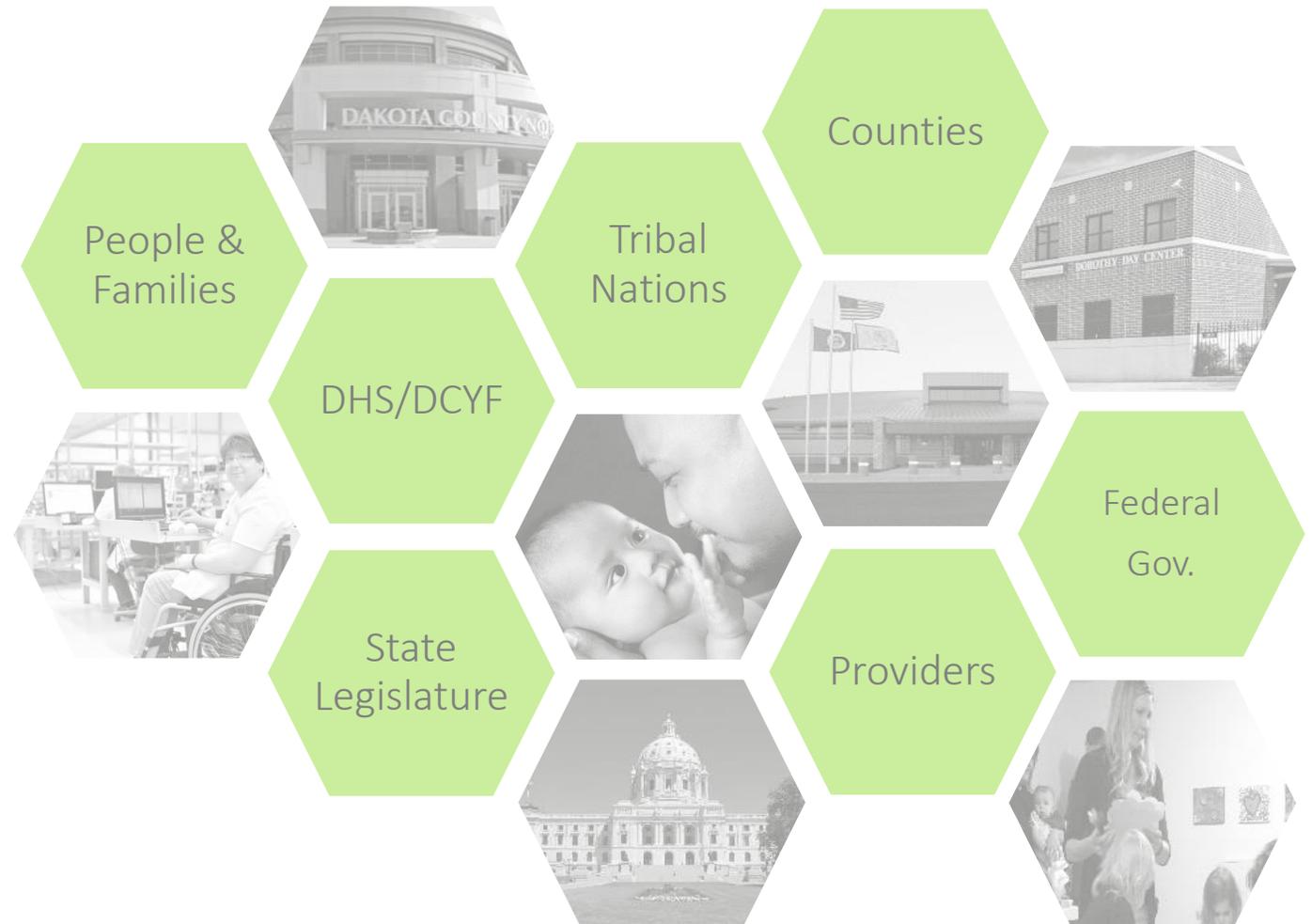
930,000+ adults and parents
27% of adults in MN



150,000+ older adults
17% of older adults in MN



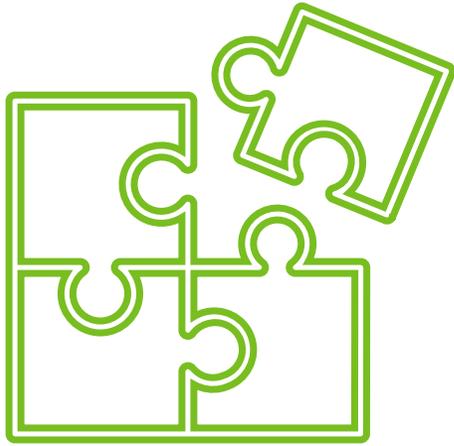
230,000+ people with disabilities
37% of people with disabilities in MN



Transformative Investments from 2023 Legislative Session

- Made substantial progress in 2023 to improve human services programs that serve more than 1.5 million Minnesota residents
- Took important steps to strengthen the childcare industry, support the well-being of all Minnesota children, stabilize working families, address the workforce crisis in home and community-based services, and address deep poverty and homelessness.
- Improved equitable access to behavioral health care services and health insurance coverage, particularly for children
- Authorized the Department of Children, Youth, and Families and the Department of Direct Care and Treatment to make it easier to access comprehensive services and bolster patient care

Summary of Total DHS Supplemental Budget Package

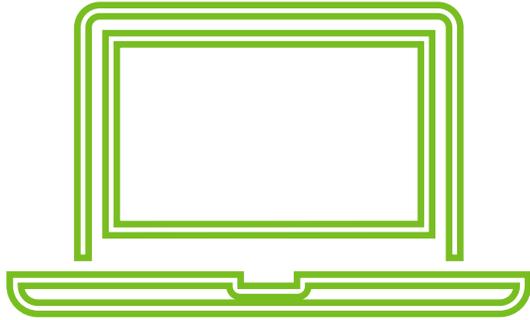


DHS Total Package
FY 2024-25: \$47.4M
FY 2026-27: \$20.7M

Children & Families
FY24-25: \$36.7M
FY26/27: \$25.5M

- 18 proposals across Human Services, Children & Families, and Health & Human Services jurisdictions
- Focus on critical needs such as:
 - Increasing the state’s capacity to serve people needing behavioral health care
 - Deploying strategies to assist people with complex needs to leave hospital care when they no longer need it
 - Reducing opioid overdoses through 1115 reentry waiver
 - Investing in vital infrastructure supporting the child welfare system
 - Developing an agile response to emergency needs
 - Operational needs as the agency reconfigures

Supporting Child Welfare Infrastructure



FY 2024-25: \$15M

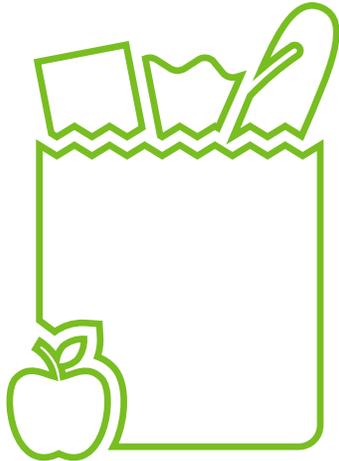
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Funding to transform our system to better support both positive end user experiences and the children and families in our child welfare system.

This investment:

- Provides an initial investment towards total system replacement of SSIS
- Unlocks additional federal matching dollars of about \$15 million
- Funds key first steps in implementing the recommendations of a vendor assessment, which will likely include:
 - Contracting with a software development company and contractors for system redesign
 - Hiring new MNIT maintenance and operations staff
 - Purchasing new application technology such as cloud space, security, and database management

Summer Electronic Benefit Transfer Program Funding



FY 2024-25: \$13.6M
FY 2026-27: \$11.5M

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Provides administrative funding required to participate in the U.S. Department of Agriculture’s new Summer EBT program

This proposal will:

- Provide \$120 in grocery benefits over the summer to an estimated 400,000 children in Minnesota, making a major impact on food security for families
- Unlock approximately \$50 million in funding annually, or almost \$100 million per biennium, with the federal government fully covering the benefit cost
- Launch in the summer of 2024 through a partnership between DCYF, MDE, and the federal government

Addressing Food Security for Minnesotans



FY 2024-25: \$5M

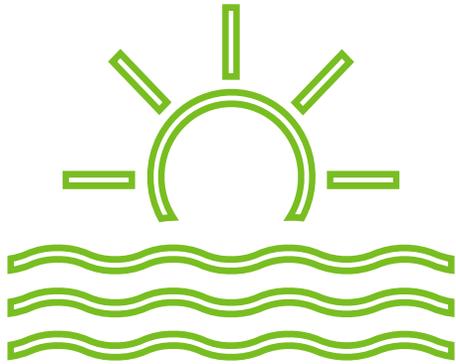
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Minnesota communities are experiencing record demand for food resources in their communities. This proposal provides critical funding to support food security across the state. This includes:

- \$1 million for the American Indian Food Sovereignty Funding Program
- \$2 million for the Minnesota Food Shelf Program; and
- \$2 million for regional food banks

This proposal helps meet demand caused by high food prices and the end of pandemic programs like E-SNAP and builds on investments in the state's emergency food system from the 2023 legislative session.

Opioid Allocation Modifications and Sunset Elimination



Budget Neutral

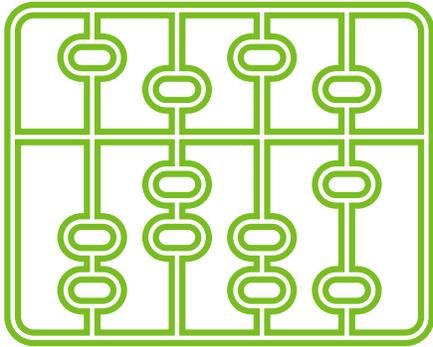
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Improves investments in child welfare from the Opioid Epidemic Response Account and ensures that resources are available ongoing to support Minnesota communities.

This proposal:

- Eliminates the sunset on fees collected by opioid manufacturers and distributors to ensure that there is ongoing funding to address the continued escalating detrimental impacts of the opioid crisis
- Updates the formula used to distribute child welfare investments to ensure consistency for local communities and to maintain the availability of funds when positive outcomes are seen
- Broadens allowable uses of child welfare funds to cover prevention efforts that help families before they become involved in the child welfare system
- Adds the director of the Office of Addiction and Recovery to the Opioid Epidemic Response Advisory Council as a non-voting advisory member

Weighted Risk System for Licensed Childcare



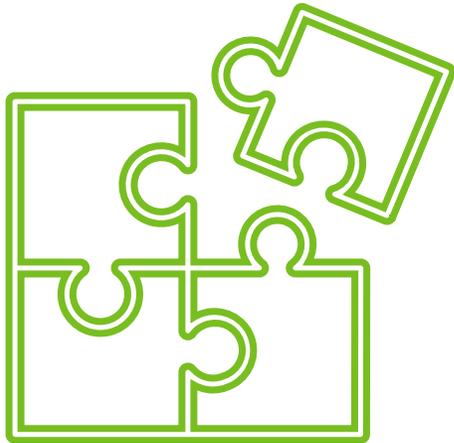
FY 2024-25: \$228k
FY 2026-27: \$244k

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This proposal implements a new tiered weighted risk system to evaluate licensing compliance for childcare centers and family childcare providers. The new system:

- Replaces Minnesota’s childcare fix-it tickets under 245.065
- Provides a tiered enforcement framework that is weighted to reflect the level of risk for each childcare licensing regulation
- Promotes consistency by standardizing the enforcement of licensing rules throughout the state
- Prioritizes resources for providers who need assistance and support most by tiering regulation violations by risk level
- Reflects work between the department and community partners to modernize childcare licensing

Technical & Federal Compliance Proposals



SNAP, TANF, and Title IV-E Federal Compliance (page 54)

- Ensures Minnesota meets new federal requirements resulting from changes to the Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) passed in the 2023 federal debt ceiling agreement
- Ensures federal compliance with federal laws regarding labor trafficking of youth and missing children
- Costs \$508k in FY24/25 and \$939k in FY26/27

2023 Budget Bill Technical Cleanup (page 72)

- Makes technical changes to ensure DHS can carry out policy changes approved by the 2023 legislature
- Fixes critical errors, carry forward amounts, effective dates, and other technical changes
- Budget neutral

Transition to the New Department of Children, Youth, and Families



FY 2024-25 - \$2M

FY 2026-27 - \$12.1M

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- Includes priority funding based on legislative recommendations and community feedback about the importance of engagement, partnership, and navigation at DCYF
- Invests in agency operations to support high-quality services for children, youth, and families
- Addresses critical gaps in central functions at the departments of Human Services and Education caused by transferring resources to the new agency

Vision – Placing Children at the Center of Government

- Our state depends on the success of Minnesota children, youth, and families.
- The Department of Children, Youth, and Families puts children at the center of state government -- a permanent state agency and commissioner focused on elevating children and families in policy and budget decisions.
- This is a bold plan to realign state government to better coordinate and resource our systems serving children and youth, focused on equity so that all children can thrive.
- The creation of a new DCYF will:
 - Align outcomes and policy and pursue equity for children, youth, and families across state government.
 - Elevate the priorities and funding needs of children, youth, and families.
 - Focus local partners on improving the front door for services, with a goal to ease access and navigation for families and improve service.
 - Sharpen the focus of state agencies to best address issues central to the people they serve.

2023 Legislative Session – What was funded with DCYF enabling legislation?

- Legislation authored by **Chair Dave Pinto** and **Chair Melissa Wiklund**; passed within HHS Omnibus

2023 State Appropriations (000's)	SFY 2024	SFY 2025	SFY 2026	SFY 2027
Two-year planning process led by an implementation team at MMB	11,931	2,066	0	0
One-time funding for DHS to cover DCYF transition activities	2,940	0	0	0
DCYF executive team	823	3,521	3,521	3,521

- One-time funding was provided for:
 - Two-year planning process, including required engagement, through an implementation office and transition appropriation
 - Planning and transition work at DHS, including developing a new cost allocation plan and system to maximize federal funding and knowledge transfer positions to build unique skills needed to transfer
- Ongoing funding was only provided for the executive team of the new agency

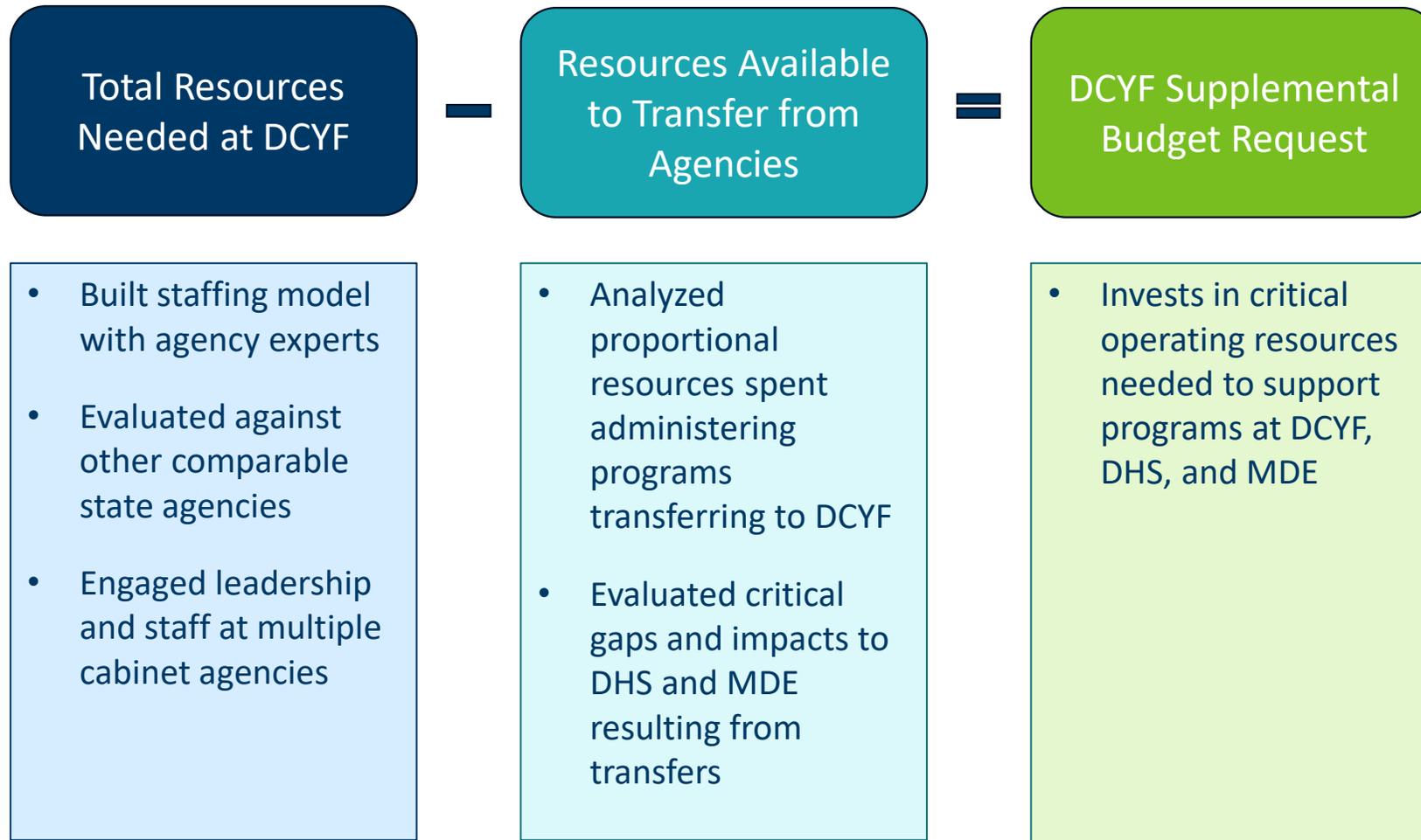
Responding to Specific Legislative & Community Recommendations



Leadership roles to support:

- Stronger state **partnerships** with counties and tribes
 - **Intergovernmental Advisory Council** management for intentional partnership with 87 counties and 11 tribes (as desired)
 - Strong Tribal consultation and coordinated connections between tribal offices and state programs
- **Coordination** of services for
 - Children and youth **mental health** services
 - **Children who have disabilities**
- **Family navigation** and partner relationships
- \$340k in FY 2024-25 and \$1.5M in FY 2026-27

DCYF Budget Development Process



Central Functions Comparisons for DCYF

Agency	Total FTE	Central Functions FTE	Central Functions Ratio
DCYF Proposal	900	173	19%
Current DHS	2,500	386	15%
MDE	500	113	23%
DOR	1,400	229	16%
PCA	950	175	18%

The central functions structure for DCYF was evaluated against other similarly sized agencies and unique characteristics of DCYF, such as:

- Third largest general fund budget
- Large grant portfolio
- Levels of governance and partnership with county and tribal administered programs, and community organizations
- Need to be responsive to diverse array of partners and people who access services

Central Operations Resource Gaps

- The organizational analysis determined the level of resources needed at DCYF
- DCYF enabling legislation required current agencies to transfer proportional resources supporting DCYF programs, which will provide most of the resources needed at the new agency
- This proposal addresses the remaining needs at DCYF and current agencies after these transfers:
 - Central operations resources needed at DCYF to support high quality services
 - MNIT resources needed for development and implementation of DCYF systems and data architecture
 - Critical gaps at the departments of Human Services and Education that would result from transferring proportional resources. Examples of gaps include:
 - Portions of a position's funding that will transfer because only a fraction of a person's time supports DCYF programs
 - Functions that are performed by a limited number of staff and cannot easily be shared
- State cost:
 - DCYF: \$684k in FY2024-25, \$6.7M in FY2026-27
 - DHS: \$824k in FY2024-25, \$3.3M in FY2026-27
 - MDE: \$173k in FY2024-25, \$690k in FY2026-27

- [DHS 2024 Supplemental Budget](#)
- [DHS 2024 Legislative Session Fact Sheets](#)
- [DHS Legislative Information](#)
- [Governor's Supplemental Budget \(MMB\)](#)

Thank you!