

One Minnesota Budget

Presentation of the Governor's Budget Recommendations to the House Children and Families Committee



January 26, 2023

*Joint presentation by the Children's Cabinet, Department of Education and
Department of Human Services*

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**Erin Bailey, MMB Assistant Commissioner and
Children's Cabinet Executive Director**

Overview of Governor's Budget for Children and Families

January 26, 2023

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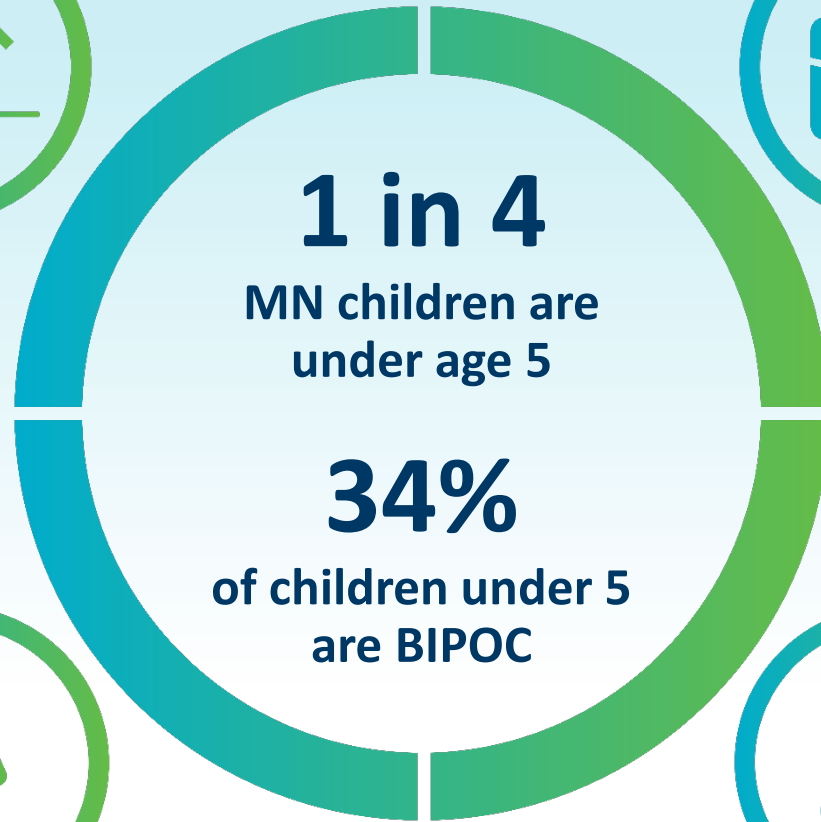
Overview of Children, Families & Education Budget - Proposals from 10 state agencies

- Other critical, related components regarding workforce, older youth, health, basic needs and economic security
- **Governor's Budget Presentation today from:**
 - Minnesota Department of Human Services
 - *Commissioner Jodi Harpstead*
 - *Assistant Commissioner of Children and Family Services Tikki Brown*
 - Minnesota Department of Education
 - *Commissioner Willie Jett*
 - *Assistant Commissioner for the Office of Teaching and Learning Bobbie Burnham*

28% of MN children age 0-8 live in low-income households



76% of children under 6 have all available parents in the workforce



98% of children in low-income households have at least one adult who worked in past year

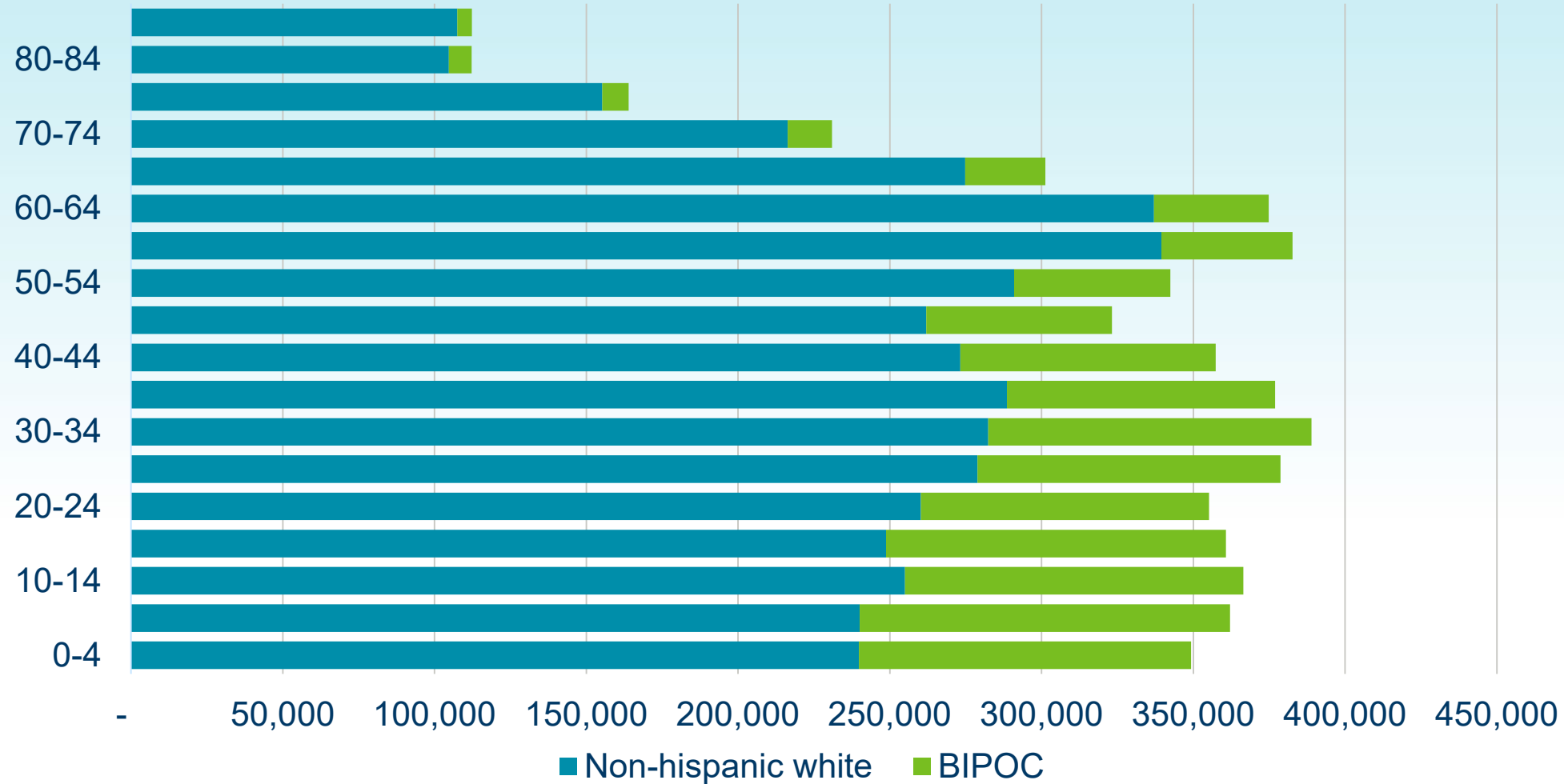
\$ 17,160/\$8,996
Average cost of center-based/ family-based infant care

33% of income for low-income household with two adults & two children



Data Sources:
KIDS COUNT Data Center, 2021 U.S. Census Data
DHS Child Care Rates Survey, March 2021

Minnesota's child population will continue to become more racially diverse because of the state's age-race structure.



Children at the Center



- **Package for children, families and education**
 - \$6.9 billion for education and education workforce programs
 - \$3.4 billion for early childhood
 - \$2.3 billion for nation-leading Child Tax Credit
- **Historic proposed investments to address top needs identified:**
 - Historic tax relief and economic boosts as child and family investments
 - Mental health package and youth supports (prevention to acute needs)
 - Investment in child care industry, workforce and access

Supporting the Child Care Industry and Access Package Highlights

- **Making Child Care More Affordable:** *Moving toward 7% family affordability standard*
 - Improving the Child Care Assistance Program by setting rates to the 75th percentile, permanently reprioritizing the waitlist, providing eligibility for foster and kinship families, and infusing additional resources into BSF. Serves 1,800 additional families, including more than 3,600 children, each year.
 - Investing \$90 million per year (more than doubling the base) for Early Learning Scholarships and prioritizing 0-3. Serves 9,000 children each year.
 - Creating a mixed delivery PreK program to serve nearly 25,000 four-year-olds in school-based, licensed center and family, and Head Start settings by 2027.
 - Expanding the Minnesota Child and Dependent Care Credit that will mean up to \$8,00 toward child care for a family of 4 with two children under 5 with qualifying child care expenses. Phaseout begins at \$200,000 (\$100,000 for single filers). It will reach 157,600 households.
- **Supporting the workforce and access:** *Sustainable investment to recruit and retain a highly qualified workforce and expand access in underserved communities*
 - Establishing retention payments for child care programs to support increased compensation for workers, as well as recruitment, training and support for providers starting or operating child care businesses.
 - Invest in DEED Child Care Economic Development Grants and to establish a DEED Office of Child Care and Community Partnerships

Supporting Our Youth, Mental Health Highlights

- **Student Mental Health**
 - School-linked behavioral health
 - Student support personnel
 - Early Childhood Mental Health Consultation in Schools
- **Improving Access to Mental Health Care**
 - Expanding mental health crisis services
 - Increasing access to early intervention
- **Mental Health Promotion and Connections**
- **Sustaining the Behavior Health Workforce**
- **Out of School Time, Youth Engagement and Prevention**
 - After School Community Learning Grants Program
 - Investment in community-based grants at DPS Office of Justice Programs to support youth through more prevention and intervention programs in community
 - Financial assistance and service coordination for foster youth



Proposed Department of Children, Youth, and Families

The Walz-Flanagan Administration proposes to create a Department of Children, Youth, and Families (DCYF) that reimagines our state government structures to elevate child, youth, and family priorities and funding needs by providing focused leadership in our executive branch and with the legislature.

Core programs proposed to move to new agency:

- Child care and early learning programs
- Child Support, Child Safety and Permanency, and other family-focused community programs
- Economic support and food assistance programs
- Youth opportunity and older youth investments



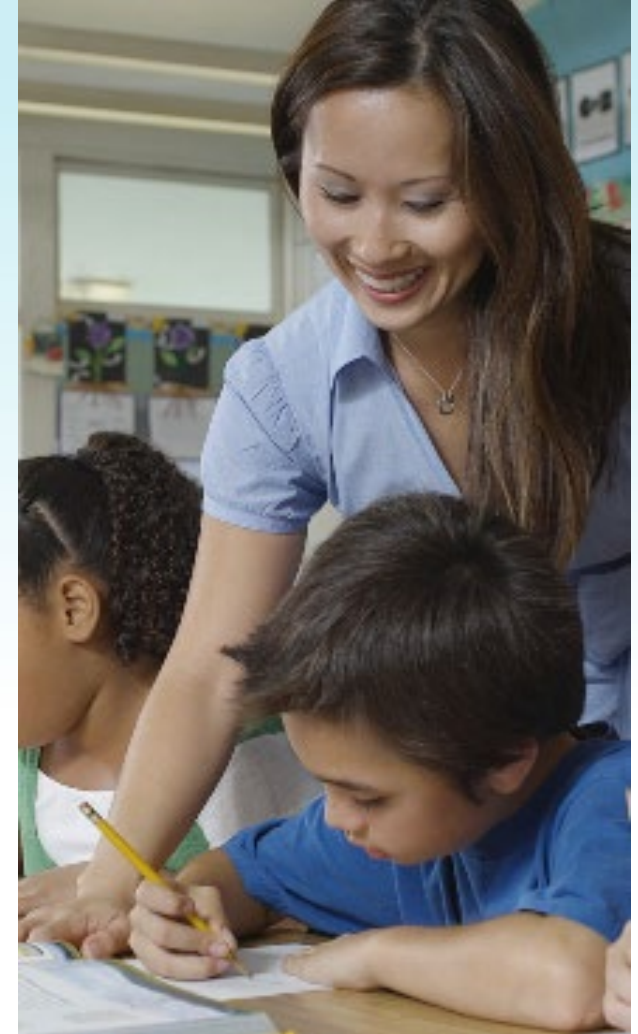
The 2023 Walz-Flanagan Budget Proposes Transition Office

- Obtains the authority and resources (\$7.37 million one-time) to support creation, alignment, and launch of a two-year process of moving core child, youth, and family support programs to the new agency that would begin July 2024.

Family Opportunity Highlights

Small boosts in income (as little as \$1,000 annually) have proven positive impact on academic, health and social child outcomes.

- Establish a refundable **State Child Tax Credit** (\$1.12 billion in FY24-25 and \$1.2 billion in FY26-27)
 - The credit would be \$1,000 per child with a maximum credit of \$3,000, beginning phase out at \$50,000.
 - The credit does not require that the taxpayer have any minimum earned income, unlike the federal CTC.
 - The credit is estimated to reduce child poverty in Minnesota by nearly 25%.
- Additional **family-focused tax relief** (direct payments with dependent plus up, K-12 credit updates, Working Family Credit expansion for ITIN filers)
- **Coordinated services** (Community Resource Centers, Full-Service Community Schools, School-Based Health Centers, Help Me Connect)
- **Expanded Medical Assistance Coverage for Children**, including continuous coverage for children under 6
- **Paid Family Medical Leave and Earned Sick and Safe Time**
- **Family preservation, family income and basic needs supports** (DHS to present on today)



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**Jodi Harpstead, Commissioner,
Minnesota Department of Human Services**

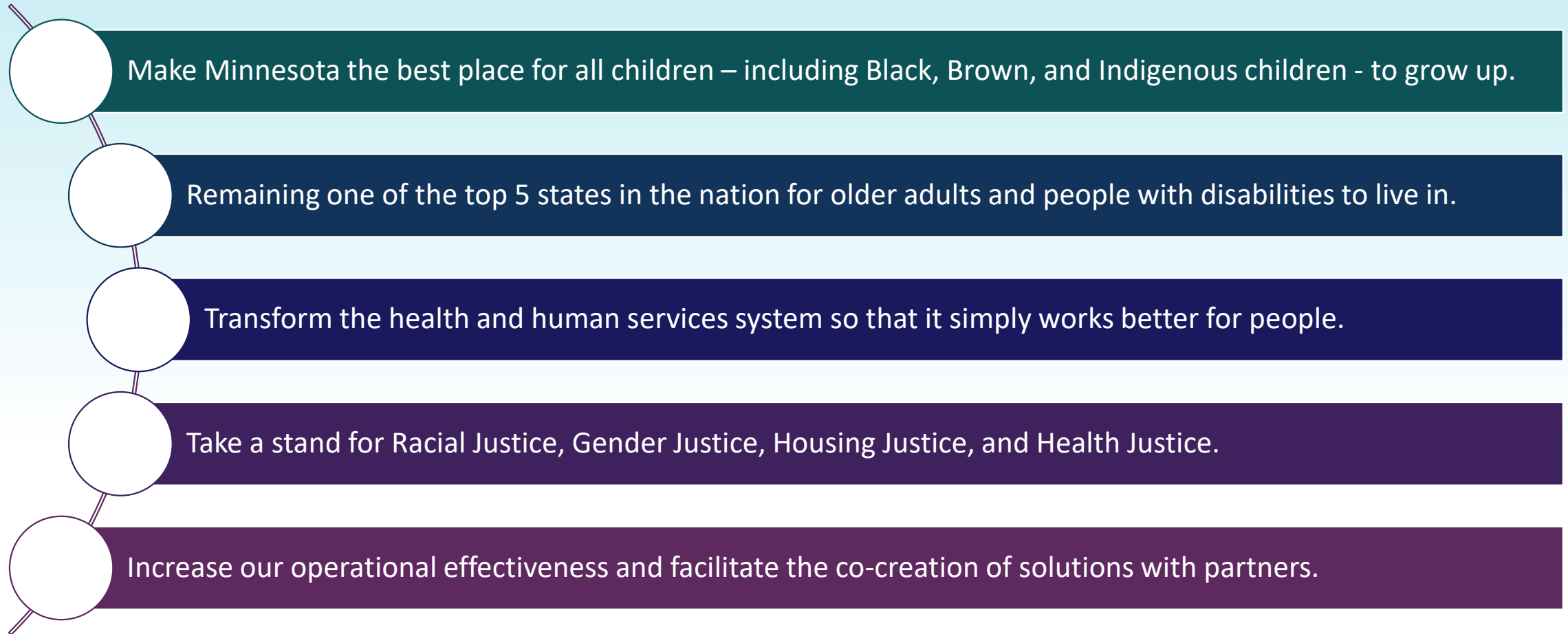
January 26th, 2023

DHS 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.

DHS Budget Package Pillars



DHS Budget Package: Children & Families Finance & Policy Jurisdiction

Proposal Category	FY23	FY24/25	FY26/27	Total	Proposals
Children & Families		708,815	975,800	1,684,615	17
Housing & Homelessness		56,504	91,632	148,136	1
Service Delivery Transformation		26,136	14,898	41,034	1
Grand Total		791,455	1,082,330	1,873,785	19

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**Tikki Brown, Assistant Commissioner,
Children and Families Administration,
Minnesota Department of Human Services**

January 26th, 2023

Helping Children and Families Thrive



Children and Family Services (CFS) supports families, keeps children safe, and helps low-income individuals, families and communities thrive.

- CFS and partners support roughly half a million people in Minnesota
- Services include:
 - Childcare services
 - Child support
 - Economic assistance, employment supports and homelessness prevention services
 - Food and nutrition assistance
 - Family preservation, prevention, child protection, foster care and adoption
 - Refugee resettlement supports

Supporting the Child Care Industry and Workforce

Pg. 92



CF-52 Supporting the Childcare Industry

Provides permanent funding to strengthen the childcare sector through a Child Care Retention Program and other supports

- In 2024, this investment will benefit:
 - 230,000 children
 - 1,500 licensed/500 certified childcare centers
 - 4,700 family childcare programs
 - 35,000 early educators

Investments

FY 2024-25 - \$353.0M

FY 2026-27 - \$345.5M

Increasing Access to Affordable Childcare

Pgs. 31, 86, 89, 141



CF-45 Increases CCAP rates to the 75th percentile and updates rates every 3 years to the most recent market rate survey

CF-44 Permanently reprioritizes the Basic Sliding Fee childcare waiting list to serve more families

CF-47 Expands CCAP to include foster care families, relative custodians, successor custodians and guardians

CF-75 Increases funding for Basic Sliding Fee to increase the number of families served and reduce waiting lists

Combined Investments

FY 2024-25 - \$191.8M

FY 2026-27 - \$343.1M

Improving Child Care Provider Experience and Enhancing Program Integrity

Pgs. 58, 166, 480, 484

Combined Investments

FY 2024-25 - \$14.6M

FY 2026-27 - \$16.4M

OP-51 Program Integrity Enhancements

Allows DHS to disqualify a provider from receiving funding through any grant or program administered by DHS when they've been disqualified or suspended from receiving funds administered by another state or federal agency.

OP-76 Critical Resources for Licensing

Supports licensing and oversight of foster care and childcare center licensing activities; maltreatment and licensing complaint investigations. Critical to ensure health and safety, as well as to respond effectively to workforce challenges.

OP-79 Family Child Care Continuous Licenses

Implements a continuous license process for family childcare license holders to reduce redundant application requirements.

CF-46 Administrative Improvements for Child Care Providers

Centralize and streamline provider registration and renewals for the Child Care Assistance Program (CCAP) and remove duplicative background studies for Legal Non licensed (LNL) providers in CCAP.

Supporting Economic Stability for Minnesota Families

Pgs. 100, 119, 147



CF-68 Supporting Working Minnesotans – Make the Minnesota Family Investment Program (MFIP) and General Assistance more effective at supporting economic stability for low wage workers, and simplify program administration.

CF-63 Food Security for Minnesota Families – Support food security among Tribal Nations, increase base funding for the Minnesota Food Shelf Program, provide additional outreach for the Supplemental Nutrition Assistance Program (SNAP), and invest in emergency food distribution facilities across the state.

CF-64 Building Assets for Minnesota Families - Increase base funding for the Family Assets for Independence in Minnesota (FAIM) program, amend statute to allow Tribal Nations and nonprofits to administer the program, allow participants to contribute to an emergency savings or college savings account, and increase the financial match limit.

Combined Investments
FY 2024-25 - \$53.5M
FY 2026-27 - \$110.4M

Supporting American Indian Children, Families and Tribes

Pgs. 188, 355



CF-57 Preserving American Indian Families

- Expand the American Indian Well-Being Unit (AIW) at DHS
- Increase Indian Child Welfare grants to tribes and urban Indian agencies

CF-59 Supporting Tribal Child Welfare Agencies and the American Indian Child Welfare Initiative

- Enable Mille Lacs Band of Ojibwe to join the Initiative
- Increase funding for existing Initiative Tribes for child welfare programs
- Provide funding for non-Initiative Tribes to hire staff

Combined Investments

FY 2024-25 - \$34.0M

FY 2026-27 - \$41.3M

Support After Foster Care

Pg. 125



CF-60 Support After Foster Care

Expands capacity and programming to better serve older youth, including Successful Transition to Adulthood for Youth (STAY) in the Community, Minor Connect, Support Beyond 21 (new program)

- Reduce caseloads for county and tribal case managers working with youth in extended foster care
- Expand Public Private Adoption Initiative services to include Transfer of Permanent Legal and Physical Custody (TPLPC) and child-specific recruitment services for kids ages 6 to 21
- Fund research and engagement on the use of Supplemental Security Income (SSI) and Retirement Survivors and Disability Insurance (RSDI) to meet the best interests of an eligible child in foster care

Investments
FY 2024-25 - \$17.1M
FY 2026-27 - \$17.9M

Community Resource Centers

Pg. 181



CF-73 Community Resource Centers

- Implement a network of sustainable Community Resource Centers that can:
 - Increase access to services
 - Make it easier for families to get what they need
 - Grow community engagement feedback loops

Investments

FY 2024-25 - \$15.0M

FY 2026-27 - \$34.0M

Family First Prevention Services Act Phase 3 Implementation and Operational Investments

Pg. 104



CF-58 FFPSA Phase 3 and Operational Investments

- Ensures the DHS Child Safety and Permanency Division has adequate staffing infrastructure to implement complicated new programs and policies established at the state and federal level.

Investments

FY 2024-25 - \$33.7M

FY 2026-27 - \$47.3M

New Non-Caregiver Sex Trafficking Response Path

Pg. 133



Investments

FY 2024-25 - \$102,000

FY 2026-27 - \$34,000

CF-72 New Non-Caregiver Sex Trafficking Response Path

- Establishes a new non-caregiver child protection response path for reports of child sex trafficking.
- With the new track, law enforcement will handle contact with an alleged non-caregiver trafficker, not the child welfare agency.
- Reports of caregiver sex trafficking would continue to be investigated by the child welfare agency to determine if maltreatment occurred.
- The new path will improve safety to better meet the needs of child victims and their families.

Addressing Homelessness for Minnesota Adults, Youth and Families

Pg. 68



Investments

FY 2024-25 - \$56.5M

FY 2026-27 - \$91.6M

CF-62 Addressing homelessness for MN adults, youth and families

- Increases funding for the Emergency Services Program, Transitional Housing Program, Homeless Youth Act, and Safe Harbor Shelter and Housing. Investments will:
 - Reduce financial strain on emergency shelters and improve services
 - Help more Minnesotans experiencing homelessness reach housing stability with transitional housing
 - Better support youth experiencing homelessness with youth-specific programming
 - Better support youth victims of sex trafficking

Service Delivery Transformation

Pgs. 172, 452

Combined Investments

FY 2024-25 - \$16.7M

FY 2026-27 - \$10M

Transform interactions with human services systems to serve people in a more efficient, person-centered and holistic way.

CF-41 Integrated Services for Children and Families – Stabilizes legacy systems, modernizes the child support system, improves child welfare data integration and sharing, and improves the eligibility experience, efficiency and client communications for health care, cash assistance, child care assistance and food support programs

OP-72 Licensing Systems Transformation – Implement and operate a Provider Licensing and Reporting Hub that will create a unified licensing experience for all human services licensed programs.

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**Bobbie Burnham, Assistant Commissioner, Office of Teaching
and Learning**

January 26th, 2023

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Early Learning Services Budget Proposals Overview Agenda

- **Mixed delivery public prekindergarten** for eligible 4-year-olds
- Expanded **early learning scholarships** and age eligibility
- **Technical funding corrections** related to school breakfast and English language services for children receiving early childhood special education services
- Early childhood **screening aid** increase
- **Head Start** tribal set aside and expanded use
- Parent and early childhood **licensure program scholarships**
- **Grow Your Own** early childhood path created

Mixed Delivery Prekindergarten

- **Alignment of Programming** – aligns existing public pre-k programming for 4-year-olds, including VPK, SRP and pathway II program under a single pre-k model
- **Expanded Access** – estimated to serve 22,000 4-year-olds in FY26 and 25,000 4-year-olds by FY27 who are low-income or have other factors that make it harder to access high quality early care and education
- **Mixed Delivery** – provides families options to access early learning by funding any program that meets the pre-k standards – schools, licensed center and family-based child care, Head Start

Mixed Delivery Prekindergarten: *Child Eligibility*

Children are eligible if they meet one of the following criteria:



- Free and reduced price meal eligible
- Child Care Assistance Program eligible
- English language learner
- American Indian
- Experience homelessness
- Receiving special education services
- In foster or kinship care, including children receiving Northstar kinship, or in need of child protection services
- Has a parent who is a migrant or seasonal agriculture laborer
- Has a parent who is incarcerated

Mixed Delivery Prekindergarten: *Program Standards*

- Provide play-based instruction, aligned with state **early learning standards** that is at least 425 and up to 850 hours
- **10:1 ratio**, and class size of 20
- Assess each child's progress using **developmentally appropriate assessment**
- Employ **lead teachers with a bachelor's degree**, with a delayed implementation and clause to include those currently working in that capacity with certain experience
- **Involve parents** in decision-making
- **Kindergarten transition** planning
- **Coordinate with community and school-based services**, as needed, including for children with IEPs
- Set **salary schedules** equivalent to public school staff with comparable credentials, where practicable
- Provide coordinated **professional development**, training, and coaching for public pre-k staff

Mixed Delivery Prekindergarten: *Years 1-2*

FY24-25:
\$50.2 million

- Maintains **4,000** school readiness plus seats in transition
- Provides funding to support **local level planning** efforts and partnership building, including the development of resources and training
- Supports **coaching to increase quality** and support programs in meeting standards
- Builds IT **infrastructure** to support assessment, coaching, and fiscal payment systems

Mixed Delivery Prekindergarten: *Years 3-4*

FY26-27:
\$434 million

- Serves estimated 13,000 additional 4-year-olds by FY27 beyond VPK, SRP and pathway II served 4-year-olds for a total of **25,000 4-year-olds**
- Provides funding to support **ongoing local-level planning** efforts
- Supports **coaching to increase quality** and support programs in meeting standards for all program types
- Maintains IT **infrastructure** to support assessment, coaching, and fiscal payment systems
- **Programmatic support** for grant administration, support standards and assessment, monitor program fidelity, and continuous quality improvement efforts

Early Learning Scholarship Expansion

FY24-25:
\$180 million

- Up to **8,500 scholarships** per year
- Expands eligibility to birth to age five, while prioritizing those **birth to age three**
- Provides administrative funding for third party administrators for **outreach and engagement** and management of **payment process to providers**
- Provides increased **programatic support** due to increased volume and provide appropriate oversight and continuous quality improvement efforts
- **IT infrastructure** to support updates including case management and an online scholarship application for families

Technical Funding Corrections: English Language and Breakfast for Early Childhood Special Education Services

FY24-25:
\$1.414 million

- Children in voluntary prekindergarten (VPK) or school readiness plus (SRP) early childhood programs generate English language learner services or school breakfast funding, while their counterparts receiving special education services are not eligible.
- This proposal corrects the technical error that was made when these programs were created in Minnesota law and provides **equitable access to all children**.

Increase Early Childhood Health and Developmental Screening Aid

FY24-25:
\$2.207 million

- **Increase state aid** to school districts by 30%
- More closely **aligns with the actual costs** to districts
- Provides .5 FTE to ensure the state is able to provide appropriate **technical assistance** to support screening
- Provides funding to support **IT updates** and maintenance for reporting functionality

Head Start Expanded Use and Tribal Set Aside Allocation



- A cost-neutral proposal
- **Expanded Use** – permits Head Start funds to be used for infrastructure to increase capacity and address barriers such as transportation
- **Tribal Set Aside** – designate 10.72 percent of the total Head Start annual allocation to tribal Head Start programs to increase stability of funding to promote sustainability

Addressing Teacher Shortage in Early Childhood Education

FY24-25:
\$980,000

- **Grants to Institutions of Higher Education** to provide tuition and other supports to students
- Will target individuals from rural communities and/or BIPOC students
- By FY26, the funding will support **40 students each year** through a single year of the 4-year licensure program and **20 students each year** for the 2-year parent education licensure program

Grow Your Own for Early Childhood Educators

FY24-25:
\$3 million

- **Grants for partnerships** between educator prep/professional development programs, early care and learning programs, and community organizations
- Child Development Associate (CDA), Associate or Bachelor's Degree in early childhood, or teacher licensure programs
- Estimated to support over **60 individuals**

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Thank You!

