



Chair Nolan West
2nd Floor Centennial Office Building
St. Paul, Minnesota 55155

Sent via email
rep.nolan.west@house.mn.gov

Representative Patti Anderson
2nd Floor Centennial Office Building
St. Paul, Minnesota 55155

Sent via email
rep.patti.anderson@house.mn.gov

March 3, 2025

Dear Chair West and Representative Anderson:

I am writing with feedback regarding House File 1, as amended, which would establish a statewide Office of the Inspector General (OIG) within the legislative branch to execute several functions related to suspected fraud, waste, and abuse in state government programs.

The Department of Children, Youth, and Families (DCYF) is committed to supporting people to thrive in community and live their healthiest and fullest lives. Fraud against public programs is unacceptable. It is not a victimless crime; it harms the same people we are trying to help. As our new agency continues toward final implementation, we are working closely with the Department of Human Services – Office of Inspector General (DHS OIG) to strengthen our ability to prevent and detect fraud, waste, and abuse. As parts of DHS OIG transfer to DCYF in June, we will continue and strengthen existing efforts to ensure a culture of compliance exists at every level of our agency, and that we prioritize the integrity of our programs.

With this shared interest in preventing fraud, waste, and abuse in mind, we offer the following concerns regarding House File 1.

Impact on Transfer of Responsibility from DHS-OIG to DCYF

House File 1 would transfer staff in the DHS OIG responsible for investigating fraud, waste, and abuse transfer to an independent agency effective July 1, 2025. In 2023, the legislature authorized the creation of DCYF. Currently, DHS OIG staff who work on identifying and investigating fraud, waste, and abuse in programs administered by DCYF, including the Child Care Assistance Program (CCAP), are scheduled to transfer to our agency in June of 2025. This bill would interrupt the planned transfer of responsibilities, which is being done with great care to ensure that CCAP program integrity work is not disrupted.

Federal Risk

House File 1 would transfer staff responsible for identifying and investigating fraud, waste, and abuse in DCYF programs to an independent agency. Federally funded programs at DCYF, including CCAP under the Child Care and Development Block Grant, have specific program integrity, fraud investigation, and sanction requirements and require that these functions be under the authority and control of DCYF.

Transferring these functions to a new office that is not a state agency would require significant planning and analysis of federal laws, requirements, and state plan amendments and could risk federal compliance and funding.

Separation of Powers

This proposal blurs the line between judiciary/law enforcement, legislative, and executive agency powers, placing all three branches under the oversight and direction of the legislature. This proposal requires executive agencies to “fully cooperate with law enforcement [judiciary] and the inspector general [legislative], including but limited to assisting in any investigation and subsequent civil or criminal prosecution.” While the DCYF OIG, once established, will collaborate with state and federal partners, each agency will investigate under their own constitutional and statutory authorities. This model risks a constitutional challenge to the outcome of any investigation when those lines are crossed, and risks causing confusion for investigators trying to fulfill their duties. There is a benefit to having independence in the investigation so the state can afford itself all potential options – both administrative and criminal.

Program Integrity Efficiency

State agencies that administer public funds generally have the authority to set policy and further regulate the programs they oversee. Having investigators, program regulators (such as licensing), and policy developers in one agency promotes collaboration. Program integrity is more than simply investigating fraud, waste, and abuse – it starts when a provider or recipient enrolls in or applies for a program. Setting policy, reviewing applications for qualifications, and efficient and thorough investigations of provider conduct are critical components of program integrity that must be considered at every stage.

In April 2019, the Office of the Legislative Auditor recommended the use of an electronic attendance record keeping system for CCAP. That same year, DHS was tasked with planning for improvements to CCAP provider registration and oversight, and report back to the legislature with findings that could be used as basis for establishing centralized CCAP registration and electronic attendance record keeping system. The resulting [Memorandum to the Legislature](#) submitted in January 2021 outlined a multi-step process.

The first step would be to establish a centralized provider registration and renewal system. DHS CCAP staff created plans and in 2023 sought funding and statutory authority to create a centralized provider registration system. DCYF anticipates the system will be available at the end of April 2025.

The second step would be to establish electronic attendance record keeping. The 2025 Walz-Flanagan budget includes implementation of an electronic attendance record keeping system that will enhance the work of the data analytics team and support prevention and investigation of program integrity violations for CCAP.

This system is well thought out and must be used by CCAP and other child care program staff to administer programs, as well as program integrity staff. This system was intended to provide unified system access for necessary data sharing and program efficiency. Dividing these systems may create unintended barriers to collaborative planning and efficient implementation of an important tool to prevent fraud, waste, and abuse.

Thank you for consideration of our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tikki Brown', is written over a light gray rectangular background.

Tikki Brown
Commissioner

C: Members of the House Children and Families Finance and Policy Committee