

Children and Families Overview

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Minnesota House Research Department and House Fiscal Analysis

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Presentation Overview

- Nonpartisan Staff Roles
- Budget Overview
- Economic Assistance and Employment Supports
- Child Support
- Child Welfare and Placement
- Child Care Licensing
- Subsidies for Child Care
- Early Learning Programs
- Child Care Workforce Programs

Nonpartisan Staff Roles

House Research Department

Annie Mach, Danyell Punelli, & Sarah Sunderman

- Draft bills and amendments
- Write bill summaries
- Provide background research on topics
- Answer questions on bill content and legal consequences

House Fiscal

Doug Berg

- Track revenue and budget effect of legislative and executive policy goals
- Interpret and analyze revenue estimates and fiscal notes
- Offer confidential fiscal analysis of spending, revenue, and policy proposals

Department of Children, Youth, and Families

- 2023 Legislature established DCYF
- Implementation timeline:
 - July 1, 2023: Implementation Office established
 - July 1, 2024: DCYF established, Commissioner Brown appointed
 - July 2024 – June 2025: Various programs from DHS, DPS, MDH, and MDE transfer to DCYF
- Nonpartisan staff directed to recodify statutes to reflect the transfer of duties and programs to DCYF
- Recodification resource on HRD website: Department of Children, Youth, and Families Statute Recodification

Base Budget Overview

Agency Structure – Department of Children, Youth, and Families (1/2)

FY 2026-27 Biennium vs FY 2024-25 Biennium

DCYF Budget Activity FY 2026-2027	FY 2024-2025 Location
<u>Operations and Administration</u>	
Agencywide Supports	Dept. of Human Services (DHS)/ Dept. of Education (MDE)
Child Safety and Permanency	DHS
Early Childhood	DHS/MDE
Economic Opportunity & Youth Services	DHS/ Dept. of Public Safety (DPS)
Family Well-being	DHS
<u>Forecasted Programs</u>	
Minnesota Family Investment Program (MFIP) – Diversionary Work Program	DHS
Minnesota Family Investment Program (MFIP) – Child Care	DHS
Northstar Care for Children	DHS

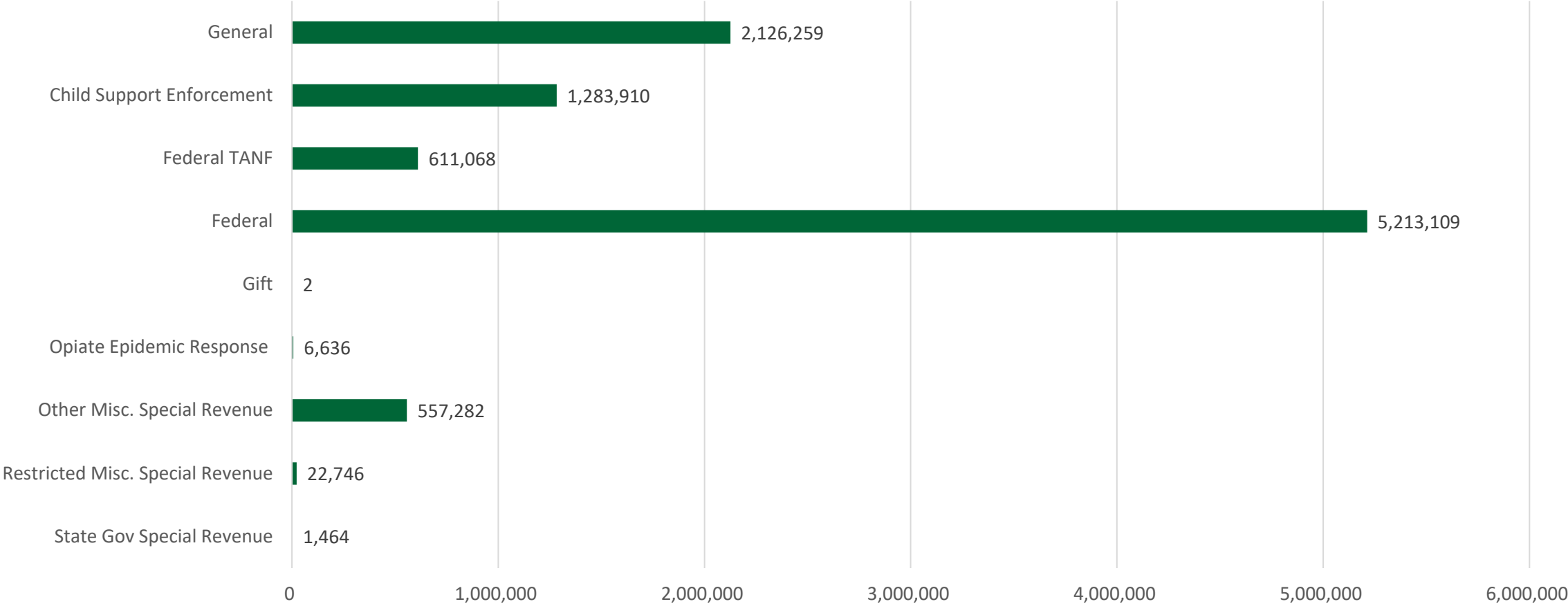
Agency Structure – Department of Children, Youth, and Families (2/2)

FY 2026-27 Biennium vs FY 2024-25 Biennium

DCYF Budget Activity FY 2026-2027	FY 2024-2025 Location
<u>Grant Programs</u>	
Support Services Grants	DHS
Basic Sliding Fee Child Care Grants	DHS
Child Care Development Grants	DHS
Child Support Enforcement Grants	DHS
Children’s Services Grants	DHS
Child and Community Service Grants	DHS
Child and Economic Support Grants	DHS
Early Learning Grants	MDE
Youth Services Grants	DPS

Children & Families Finance & Policy Committee All Funds

Fiscal Years 2026-2027 All Agencies = \$9.8 billion



Data from MMB 2024 General Fund Balance Statement – Dollars in 1,000's

Fiscal Year 2026-2029 General Fund Base by Program

Agency/Budget Activity	Nov 24 Forecast FY 2026	Nov 24 Forecast FY 2027	Nov 24 Forecast FY 26-27	Nov 24 Forecast FY 2028	Nov 24 Forecast FY 2029	Nov 24 Forecast FY 28-29
Children, Youth, and Families Dept						
<u>Operations and Administration</u>	136,703	137,337	274,040	137,337	137,337	274,674
<u>Forecasted Programs</u>	321,268	382,785	704,053	421,956	430,436	852,392
<u>Grant Programs</u>	592,503	589,948	1,182,451	589,948	589,948	1,179,896
Subtotal DCYF	1,050,474	1,247,407	2,297,881	1,149,241	1,295,058	2,444,299
DCYF - Federal Reimbursement	-19,035	-19,002	-38,037	-19,002	-19,002	-38,004
Subtotal DCYF (net)	1,031,439	1,228,405	2,259,844	1,130,239	1,276,056	2,406,295
Ombudsman for Families	777	777	1,554	777	777	1,554
Ombudsman for American Indian Families	340	340	680	340	340	680
Ombudsperson for Foster Youth	759	759	1,518	759	759	1,518
Total Children & Families General Fund Appropriations	1,033,315	1,230,281	2,263,596	1,132,115	1,277,932	2,410,047

Data from MMB 2024 General Fund Balance Statement – Dollars in 1,000's

Fiscal Years 2026-2029 General Fund Base by Budget Activity (1/2)

Agency/Budget Activity	Nov 24 Forecast FY 2026	Nov 24 Forecast FY 2027	Nov 24 Forecast FY 26-27	Nov 24 Forecast FY 2028	Nov 24 Forecast FY 2029	Nov 24 Forecast FY 28-29
Children, Youth, and Families Dept						
<u>Operations and Administration</u>						
Agencywide Supports	93,245	94,271	187,516	94,271	94,271	188,542
Child Safety and Permanency	17,232	16,945	34,177	16,945	16,945	33,890
M.S.477A.0126 ICWA Compliance	390	390	780	390	390	780
Early Childhood	11,657	11,698	23,355	11,698	11,698	23,396
Economic Opportunities and Youth Services	3,708	3,562	7,270	3,562	3,562	7,124
Family Well-Being	10,471	10,471	20,942	10,471	10,471	20,942
Subtotal Operations and Administration	136,703	137,337	274,040	137,337	137,337	274,674
 <u>Forecasted Programs</u>						
MFIP/DWP	103,555	120,414	223,969	126,310	132,214	258,524
MFIP Child Care Assistance	107,315	146,025	253,340	174,477	171,903	346,380
Northstar Care for Children	110,398	116,346	226,744	121,169	126,319	247,488
Subtotal Forecasted Programs	321,268	382,785	704,053	421,956	430,436	852,392

Data from MMB 2024 General Fund Balance Statement – Dollars in 1,000’s

Fiscal Years 2026-2029 General Fund Base by Budget Activity (2/2)

Agency/Budget Activity	Nov 24 Forecast FY 2026	Nov 24 Forecast FY 2027	Nov 24 Forecast FY 26-27	Nov 24 Forecast FY 2028	Nov 24 Forecast FY 2029	Nov 24 Forecast FY 28-29
Children, Youth, and Families Dept						
<u>Grant Programs</u>						
Support Service Grants	12,290	12,290	24,580	12,290	12,290	24,580
Basis Sliding Fee Child Care Assistance Grants	137,768	135,212	272,980	135,212	135,212	270,424
Child Care Development Grants	138,819	138,819	277,638	138,819	138,819	277,638
Child Support Enforcement Grants	50	50	100	50	50	100
Children's Services Grants	51,097	51,098	102,195	51,098	51,098	102,196
Child and Community Services Grants	90,984	90,984	181,968	90,984	90,984	181,968
Child and Economic Support Grants	11,816	11,816	23,632	11,816	11,816	23,632
Youth Services Grants	8,891	8,891	17,782	8,891	8,891	17,782
Subtotal Grants	592,503	589,948	1,182,451	589,948	589,948	1,179,896
Subtotal DCYF	1,050,474	1,110,070	2,160,544	1,149,241	1,157,721	2,306,962
DCYF - Federal Reimbursement	-19,035	-19,002	-38,037	-19,002	-19,002	-38,004
Subtotal DCYF (net)	1,031,439	1,091,068	2,122,507	1,130,239	1,138,719	2,268,958
Ombudsman for Families	777	777	1,554	777	777	1,554
Ombudsman for American Indian Families	340	340	680	340	340	680
Ombudsperson for Foster Youth	759	759	1,518	759	759	1,518
Net Total Children & Families General Fund Appropriations	1,033,315	1,092,944	2,126,259	1,132,115	1,140,595	2,272,710

Data from MMB 2024 General Fund Balance Statement – Dollars in 1,000's

Economic Assistance and Employment Supports

Minnesota Family Investment Program (MFIP)

Minnesota Family Investment Program:

- state-supervised, county administered
- jointly funded, federal-state program
- provides income assistance to low-income families

MFIP Monthly Assistance and Asset Standards, 2025

Family Size	Cash Portion	Food Portion	Full Standard
1	\$419	\$242	\$661
2	642	445	1,087
3	756	638	1,394
4	861	814	1,675
5	952	981	1,933

The equity value of personal property must not exceed \$10,000 for applicants and participants.

MFIP FY 2024 Recipients and Expenditures

- Monthly Average Recipients: 62,137
- Federal Expenditures: \$227,027,705
- State Expenditures: \$69,053,467

Support Services Grants

These grants provide employment services to people receiving benefits from MFIP/DWP and SNAP, including:

- job search
- job placement
- training
- education

Nutrition Services

Nutrition services administered by DCYF:

- Food support (SNAP and MFAP)
- Minnesota Food Shelf Program
- Emergency Food Assistance Program
- American Indian Food Sovereignty
- Campus-Based Employment and Training Program for Students Enrolled in Higher Education

Financial Capability Services

Financial Capability Services administered by DCYF:

- Community Action Agency Grants
- Family Assets for Independence Minnesota (FAIM)

Child Support

Child Support Overview

- Federal law requires each state to establish a child support enforcement program and sets broad standards and requirements.
- Federal government provides TANF and child support enforcement funding to states with child support systems that meet federal requirements.
- DCYF is the public authority responsible for oversight of the child support system, which counties administer.

Child Support Calculations

- Child support includes **basic support**, **medical support**, and work- or education-related **child care support**.
- A parent's basic support obligation is calculated based on parental gross income. After deductions and exclusions, the amount is the **parental income for child support (PICS)**.
- The PICS for the parents is then combined, and the court determines each parent's percentage share. The court then compares the combined basic support obligation to the child support guidelines.

Child Support Enforcement

- Range of mechanisms to enforce child support orders:
 - Income withholding
 - Parent locator services
 - Work reporting system
 - Licensing sanctions and suspensions
 - Liens and civil judgments
 - Tax refund intercepts
 - Criminal charges
- In fiscal year 2024, Minnesota collected and disbursed child support totaling approximately \$510.3 million – mostly through income withholding.
- In fiscal year 2024, for every \$1 spent, collected \$2.65 in child support.

Child Welfare and Placement

Child Protection

- Federal law requires each state to provide intervention and services to protect children from abuse and neglect.
- The legislature establishes the policy to implement federal law and provide services to families.
 - Minn. Stat. Chs. 260E and 260C
- Funding for services comes from federal, county, and state sources.

Reporting of Maltreatment of Minors

Maltreatment of Minors Act, ch. 260E

- **Maltreatment** = egregious harm, neglect, physical abuse, sexual abuse, substantial child endangerment, threatened injury, mental injury, and child maltreatment in a facility.
- Any person may voluntarily report known or suspected maltreatment.
- **Mandatory reporters** must report suspected or known maltreatment in the preceding three years to the local welfare agency, applicable law enforcement, or other responsible agency.

Maltreatment of Minors: Response

Maltreatment of Minors Act, ch. 260E

- Counties provide services when a child is alleged to have been maltreated in the home, through a **family assessment** or **investigation**.
- Law enforcement investigates reports that allege criminal violations, with county agencies.
- When a caregiver outside of the home is alleged to have maltreated a child, responsible agency investigates.

Child in Need of Protection or Services

If a child is not safe in a home or a parent has not cooperated with a service plan, a county may file a **Child in Need of Protection or Services (CHIPS)** case.

- Child is placed in foster care; case plan is developed to attempt to reunify the family within 6-12 months
- Review hearings every 3 months

CHIPS Cases: Permanency

If a home remains unsafe after the child is in foster care for 11 months, the county will file a permanency petition:

- Termination of parental rights (TPR) and adoption;
- guardianship to the commissioner of human services (adoption with parental consent); or
- transfer of permanent legal and physical custody to a relative (“kinship”).

Reunification may be a permanency option if the court determines that the home is safe and reunifying with the family is in the child’s best interests.

Northstar Care for Children

Northstar Care for Children provides monthly assistance payments for children in foster care, and children who are adopted or whose custody is transferred to a relative.

- Payments are based on age, and supplemental payments are based on the child's assessed special needs
- Kinship or adoption assistance eligibility determination started by county/Tribal staff; final determination by DCYF

Child Care Licensing

Licensing Overview

- Any individual, corporation, or organization providing child care services must be licensed or specifically excluded from licensure.
- Primary license types:
 - Child care center
 - Family or group family child care
 - Special family child care homes
- Various types of programs are identified as excluded from licensure in state statute (§ 142B.05, subdivision 2).
- License-exempt programs must be certified under ch. 142C or meet the requirements to be legally nonlicensed in order to accept CCAP.

Roles of State and Local Governments

- Licensing duties are split between state and county agencies.
- State agency responsibilities:
 - Issues licenses
 - Conducts background studies of staff for all child care programs
 - Imposes sanctions on programs not in compliance
 - Performs specified licensing functions for child care centers
 - Monitors and enforces statutes and rules
- County agency responsibilities:
 - Performs specified licensing functions for family child care providers
 - Monitors and enforces statutes and rules

Regulation Modernization Efforts

2021 Legislature directed DHS to contract with an organization to develop new licensing models for child care programs (both centers and family child care providers).

Expected Output	Implementation Status (January 2025)
Develop and implement a weighted risk system	The 2024 Legislature established the system in statute (§ 142B.171). System will be effective after the provider hub is fully implemented.
Develop and propose revised licensing standards	DHS issued draft standards in April 2024 and collected feedback. DHS expects to issue updated drafts in 2025 and issue the revisions as proposals for the 2026 Legislature to consider.
Develop and implement a key indicator system for abbreviated inspections	Expected to begin after the provider hub is fully implemented

Parent Aware

- State's voluntary quality rating and improvement system for child care programs
- Programs that choose to be rated can earn 1 – 4 stars
 - In 2026, an automatic one-star rating is set to go into effect for all programs that are in good standing and that do not opt out of the system
- About 32% of eligible programs choose to be rated
 - 52% of licensed child care centers
 - 17.4% of licensed family child care providers

Subsidies for Child Care

Child Care Assistance Program (CCAP)

- Federal-state program that subsidizes child care costs for low-income, eligible families
- Eligibility criteria:
 - Parents must work or participate in education or training activities
 - Household income \leq 47% or 67% of state median income
 - Children must be < 13 years old (or 15, if the child has a disability)
- Program statistics for FY 2024:
 - Average number of families enrolled each month: 12,085
 - Average monthly child care payments per family: \$2,114
 - Annual total spending: \$306.6 million

CCAP: Child Care Providers

- To accept CCAP payments on behalf of an eligible child, a child care provider must be a:
 - Licensed child care center or family child care provider,
 - Certified, license-exempt child care center, or
 - Legal, nonlicensed child care provider.
- Counties reimburse child care providers according to the rates specified in statute, which are based on a survey of child care prices that's conducted every three years.
 - Current standard maximum rate: 75th percentile of the most recent survey
 - Rates vary by county, child care type, and age of child
 - Providers can receive increased rates for being accredited or having a 3- or 4-star Parent Aware rating

CCAP: Program Integrity

- Statute gives DCYF the authority to investigate alleged or suspected financial misconduct by providers and payment errors and outlines the processes for doing so.
- Historically, program integrity efforts have included:
 - Early and Often Team
 - Child care grant audits
 - CCAP provider investigations

CCAP: New Federal Requirements

- In March 2024, the federal government modified the regulations governing CCAP.
- States must come into compliance with the new regulations over the course of the next two years.
- Changes include:
 - Capping family co-payments at 7% of family income
 - Requiring states to pay child care providers in advance of or at the beginning of service provision
 - Requiring states to use some grants and contracts with child care providers for specified populations of children
- States may use CCDF funding to pay for compliance, with some limitations.

Early Learning Scholarships

- State program that subsidizes child care costs for low-income, eligible families
- Eligibility criteria:
 - Household income \leq 47% of state median income, or documented participation in a specified assistance program, or have a child in need of protection services or placed in foster care
 - Children must be \leq 5 years old
- Subsidies are based on the age of the recipient, geographic location, program's Parent Aware ranking, and type of child care program.
 - For the 2024-25 school year, the annual per child scholarship amounts range from \$8,060 to \$26,644

Scholarships: Pathways and Program Statistics

- Two types of scholarships:
 - Pathway I: Awarded to eligible children to be used at a child care program chosen by the child's family
 - Pathway II: Awarded to child care programs that have 4-star ratings from Parent Aware
- Program statistics for FY 23:
 - Total recipients: 12,282
 - 56.5% Pathway I
 - 43.7% Pathway II
 - State funding: \$82.8 million (inclusive of \$3.7 million for administration)

Early Learning Programs

Head Start & Early Head Start

- Federal program that provides comprehensive family-oriented services to children from low-income families with the goal of improving children's school readiness
- Funded with federal and state money
- Program statistics for FY 2025:
 - Total Funding: \$205.3 million
 - State funding: \$35.1 million
 - Federal funding: \$170.2 million
 - Total enrollment: 11,884
 - EHS enrollment: 3,532
 - HS enrollment: 8,352

Other Early Learning Programs at DCYF

- Voluntary prekindergarten (VPK)
- School readiness
- Early Childhood Family Education (ECFE)
- Developmental screening

Child Care Workforce Programs

Great Start Compensation Support Payment Program

- Provides monthly payments to child care programs to fund increases in compensation for child care workers.
 - Ongoing payments available to licensed and certified child care programs
 - One-time payments available for legal, nonlicensed providers
- Established by the 2023 Legislature; similar programs established by previous Legislatures.
- Payment amounts are based on the total of provider and staff full-time equivalents (FTE), with a set amount per FTE. (\$375 through June 2026)

**Great Start Compensation Support Program Payments
October 2023 – September 2024**

Provider Type	Number of Providers	Average FTEs	Average Payment	Total Payments
Family Child Care	4,966	2	\$605	\$33.2 million
Tribal Child Care Programs	29	4	\$1,683	\$0.5 million
Licensed Child Care Center	1,608	13	\$5,350	\$97.0 million
Certified Child Care Center	480	4	\$1,620	\$11.1 million
			TOTAL:	\$141.8 million

Additional Programs (1 of 2)

REETAIN Bonuses:

- Available to child care workers who meet specified qualifications and continue to work in the field for at least one year after receiving a bonus
- Yearly bonuses between \$500 and \$3,000

TEACH Scholarships:

- Available to child care workers to take classes to earn college credit or an associate's or bachelor's degree in Child Development or Early Childhood Education
- Scholarships of up to \$10,000 per year

Apprenticeship Grant Program:

- Provides employment-based training and mentoring opportunities for child care workers
- Includes tuition scholarships for apprentices and stipends for mentors/employers

Additional Programs (2 of 2)

Family, Friend, and Neighbor (FFN) Grants:

- Available to various organizations to provide direct support to FFN caregivers and the children they care for

Grants for Grow Your Own Early Childhood and Family Educator Programs:

- Available to various organizations to host, build, or expand an early childhood educator preparation program that leads to individuals earning credentials or degrees in the early learning field

Resources

House Research Department Health and Human Services publications:

<https://www.house.mn.gov/hrd/topics.aspx?topic=15>

Fiscal Analysis Department website:

<https://www.house.mn.gov/Fiscal/Home>

Minnesota Department of Children, Youth, and Families website:

<https://dcyf.mn.gov/>

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