2022 Governor's Supplemental Budget Recommendations

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Summary

This report includes change item narratives for recommendations impacting the Minnesota Department of Human Services included within the 2022 Governor's Budget Recommendations. Summary documents published by Minnesota Management and Budget can be found **here**.

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FY 2022-23 Supplemental Budget Change Item CS-57

Change Item Title: Workforce Revitalization for Behavioral Health, Direct Support, and Housing Workers

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	115,224	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	115,224	0	0
FTEs	**0**	**3**	**0**	**0**

Request:

The Governor recommends investing $115 million in the 2022-2023 biennium to revitalize behavioral health, direct support, and housing workforces by establishing a fund for retention and incentive payments for workers to join and stay in the profession, loan and scholarships for workers attending post-secondary education, and payments for childcare, transportation, and other worker expenses.

This is a workforce that provides life-sustaining supports to people with behavioral health conditions; people with disabilities; people who are deaf, deaf/blind, and hard-of-hearing; older adults; and people experiencing housing instability and homelessness. The health and human services system cannot function without this workforce; without an adequate workforce people are falling through the cracks.

Rationale/Background:

The workforce shortage has reached crisis levels, particularly for human service and direct support professions financed by public programs. Many public sector rates and programs have not kept pace with the workforce needs of communities across Minnesota. As a result, people are suffering and facing loss of independence, stability, health, and the dignity that goes along with all of these.
Job vacancies in Minnesota are at record highs across all sectors, however healthcare and social assistance sectors have the most severe workforce shortages, with 39,727 vacancies in the second quarter of 2021. [1] At face value, this magnitude of vacancies is extreme and unprecedented. Even more troubling, is that one worker often supports multiple people, meaning that thousands of people are impacted by this acute and escalating shortage.

While the COVID pandemic has exacerbated the workforce challenges in human service and direct support professions, the shortage has been looming on the horizon for many years. Demographers and people who use services have been warning us of this likelihood, advocating for policy changes and funding to respond proactively. Now that this watershed moment has arrived, the State must act boldly. Since these professions are largely funded through government programs, which have legislatively set rates and in most instances, do not increase with inflation, Minnesotans in every corner of the state are counting on us to revitalize this indispensable workforce.

Behavioral Health Workforce

For over six years, most of Minnesota has been considered a federally designated mental health professional shortage area, except for the Twin Cities metro area and the southeast corner of the state around Rochester[2]. There is also a severe shortage of professionals who can diagnose and treat substance use disorders, including licensed alcohol and drug counselors, most of whom work in the Twin Cities area[3]. Like all other health care provider types, there is an uneven distribution of licensed alcohol and drug counselors around Minnesota, with the majority practicing in urban areas. Assuming the same share of people need behavioral health treatment in urban and rural areas, rural-based behavioral health professionals face higher patient loads and prospective patients are likely driving longer distances and experiencing longer wait times for care.

The COVID-19 pandemic has negatively impacted many people's mental health and has exacerbated symptoms and created new barriers for people already experiencing mental health and substance use disorders[4]. More

[1] Job Vacancy Survey Findings, Minnesota Department of Employment and Economic Development https://mn.gov/deed/data/data-tools/job-vacancy/jvs-findings.jsp

[2] https://www.health.state.mn.us/facilities/underserved/docs/2016mh.pdf

[3] https://www.health.state.mn.us/data/workforce/mh/docs/cbladc.pdf

[4] https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/

than ever, we need clinical supports and a strong behavioral health workforce to effectively cope with mental health and substance use disorder needs that have increased due to the COVID-19 pandemic.
The behavioral health field can be a challenging one to work in, with difficult conditions and burnout common in many behavioral health professions. Behavioral health professionals often must understand and comply with varied and complex administrative and regulatory requirements, in addition to navigating complex health care systems in order to receive payment for their services. Furthermore, there has been concern about adequacy of payment rates for some behavioral health services, which may also discourage individuals from entering the field or contribute to individuals leaving for another career choice.

Direct Support Professional (DSP) Workforce

In Minnesota, the direct support workforce shortage has reached an unprecedented level. The impact extends across the industry, from personal care assistance to waiver services for older adults and people with disabilities to intermediate care facilities for people with developmental disabilities. The current crisis is expected to escalate due to a decrease in the prime working-age population in Minnesota, peaking around 2030, coupled with an increase in the number of people needing care.[5] The Minnesota State Demographer estimates that between 2019 and 2028, Minnesota's population ages 25 to 64 will experience a net loss of about 40,800 people. The ten years following 2019 are likely be the most severe in terms of labor supply shortage in Minnesota, barring major changes in immigration or migration patterns.[6]
The Department of Employment and Economic Development's (DEED) Minnesota Job Vacancy Surveys for fourth quarter 2019 and second quarter 2020 reported that personal care aide positions had the highest number of vacancies of any occupation statewide. Vacancies continued to increase during the pandemic. Personal care aides have been in the top five of the Occupations in Demand list for many years. The DHS Legislative Report: DWRS Labor Market Reporting 2019 (PDF) finds a relatively high degree of instability in the DSP labor market because of staff turnover.

Direct support professionals provide an array of critical supports ensuring that people with disabilities and older adults have options to live and work in the community. Demographic changes, high turnover rates, and low payment rates are creating crises where some providers cannot meet basic health and safety needs of the people they support, such as medication administration, assistance with meal preparation, toileting, bathing, dressing, and tracheostomy care. Existing staff are working multiple shifts, burning out, and quitting due to fear that no one else is available to relieve them, leading to cascading resignations. The impact of this workforce crisis is that providers must stop services or close, people are unable to find caregivers, and in many cases, people are forced to move to more isolated or institutional settings in order to find care.

While the right to community integration is foundational to the Olmstead decision and Minnesota's Olmstead Plan, the workforce shortage is eroding community-based options for people. For example, in 2020, more than

[5] Minnesota State Demographic Center, Aging, Key Findings https://mn.gov/admin/demography/data-by-topic/aging/

[6] https://www.auditor.leg.state.mn.us/ped/pedrep/hcbs.pdf

50 Minnesotans reported they moved into nursing homes because they could not find a caregiver to provide in-home services. Many more have moved from their own homes into 245D group homes—that is if they can find a group home with the staffing compliment to meet their unique needs. The promise of Olmstead is fading. Without a significant and sustained investment in the direct support workforce, Minnesota is likely to lose ground on the hard-fought civil rights advancements that occurred over the past decades.

Housing Workforce

Workers serving individuals and families experiencing homelessness, or at-risk of homelessness or housing instability, have been on the frontlines throughout the entire COVID-19 pandemic. Whether it was providing outreach services in homeless encampments, pivoting shelter services from congregate settings to hotels, or enrolling a person in Housing Stabilization Services to support the person's long-term housing goals, these workers have been experienced the full stress and strain of direct service during a global pandemic. Over the last two years since the COVID-19 pandemic began, homelessness and supportive housing providers around the state have contacted DHS to relay their struggle to retain frontline staff.

It is imperative that the state retains and supports this workforce. Homelessness is a crisis affecting communities across the state and it is getting worse. According to findings from the 2020 federal Point-in-Time (PIT) count, nearly 8,000 people experienced homelessness in Minnesota on the night of January 22, 2020, with the number of unsheltered homeless individuals close to 2,000. This number of unsheltered Minnesotans represents an 18 percent increase from 2019, and a 145 percent increase from 2014. Minnesota needs to lift the staff that work to provide services for the state's homeless population, and for individuals and families they are supporting to prevent and keep out of homelessness.

Older Adults Workforce

The Consumer-Directed Community Supports (CDCS) option under Elderly Waiver (EW) and the Alternative Care program is a critical model to help address the workforce shortage, because through CDCS, participants can use their monthly budgets to hire their own workers such as family, friends, and neighbors to provide support. This option for older adults augments the direct support workforce, promotes participants' choice, and greatly enhances the role of informal caregivers. This may allow a family caregiver to forego other employment and provide more support to the older adult.

Participants may also appreciate receiving support from a person of their choice, who they know and trust. The caregiving experience may also be more stable and enduring, because of the personal relationship between the older adult and caregiver. CDCS focuses consumer attention on in-home service options instead of residential services like customized living, because residential services cannot be purchased through the CDCS option. By increasing CDCS budgets, we can help address long-term care workforce shortages, enhance consumer choice, and incent the use of in-home versus more expensive residential services.

With respect to the Elderly Waiver (EW), the rate-setting methods need to be more fully phased-in to help ensure that people have access to critical home and community-based services (HCBS) across the state. All providers are experiencing increased costs (due to needing to pay more to recruit and retain workers), Assisted

Living providers and EW funded foster care providers are all facing the same major challenges with staffing, which is putting all residents at risk.

A 2018 study of the 256S rate-setting methods found that existing rates for many service rates were not adequate to cover providers' costs and that fully phasing in the methods would yield appropriate rates. Appropriate rates are necessary for providers to be able to pay wages to direct support workers that are sufficient to attract and retain workers and therefore deliver critical HCBS services and prevent requiring institutional care in a more expensive nursing home or assisted living facility.

The Minnesota Legislature enacted new rate-setting methods for a wide array of home and community-based services provided under EW in 2017. When the reforms took effect on January 1, 2019, they were only partially phased-in, based on 10% of the new rate methods and the current rates are comprised of 18.8% of the rate methods in statute. Additionally, since these rates were established in 2017, they are not reflecting increased costs of the current labor market and are still based on pre-pandemic costs.

Proposal:

This proposal provides incentives for workers stay in the direct support, housing, and behavioral health professions. This proposal creates a Workforce Incentive Fund that can assist service providers of public programs to pay for incentive benefits to current and new workers. Incentives include costs such as:

- Retention, incentive, and bonus payments;
- Loan or tuition reimbursement; and
- Payment for childcare and transportation costs;

The Workforce Incentive Fund will have a total of $115 million appropriated in fiscal year 2023, with the ability to roll over unspent funds through the end of fiscal year 2025. The funds will be administered through an application-based grant program and eligible costs will be limited to the following specifications:

- Workers must work in an eligible profession determined by the commissioner;
- Workers must earn a wage of $30.00 per hour or less;
- Workers must work in the profession for at least six months; and
- The total maximum annual incentive is $5,000 per worker.

Impact on Children and Families:

Minnesota children and youth will experience indirect benefits from the proposed investments in home and community-based services for older Minnesotans. Many frontline home and community-based services workers are parents to children and youth. By increasing wages for these workers, more resources will be available to

support the workers' children. In addition, many family caregivers are middle-aged Minnesotans, and many middle-aged Minnesotans are parents to children and youth. By strengthening supports for older Minnesotans, middle-aged family caregivers will have more capacity to support Minnesota children and youth.

Frontline workers can generally be characterized as experiencing a variety of socioeconomic determinants that can negatively impact their health and well-being and that of their families as well. A 2020 study[7] showed that more than one-third of workers in many direct support industries live in low-income families (income below 200% of federal poverty guidelines) and more than one-third have family care responsibilities (have at least 1 minor child at home). DHS available data supports this characterization. Therefore, this proposal is expected to positively impact low-income families.

Equity and Inclusion:

Direct Support Professionals

Direct Support Professionals, including Personal Care Assistance workers, home and community-based waiver workers, and workers who provide supports in institutions (intermediate care facilities for people with developmental disabilities), and other home care workers provide foundational services that meet the needs of a diverse population and support approximately 125,000 people each year.

People with disabilities and older adults who rely on direct support services to live, work, and participate in their communities are facing a severe shortage of workers to provide these essential services. The difficulty finding and retaining direct support workers puts people who rely on those services at risk of neglect, hospitalization, institutionalization, and death. The workforce shortage jeopardizes their ability to remain in the most integrated settings possible as required by Minnesota's Olmstead Plan.

The need for skilled caregiving for people with disabilities and older adults is an equity issue. The intersections of gender, race and immigration status are reflected in the defining characteristics of direct care workers. According to national Census data, females comprise 82.5% of personal care aides. The same data shows that people of color and Indigenous people are represented disproportionally in the profession. People who are Black comprised 23.3% of the personal care aide workforce, compared to 12% representation in the general population. American Indian/Other Native people comprised 1.2% of the personal care aide workforce, compared to 0.55% of the general population.

Housing Workforce

Black, Indigenous, or People of Color individuals are significantly overrepresented in Minnesota's population of those experiencing homelessness. According to Wilder Research's Minnesota Homeless Study, 37% of those

[7] https://www.cepr.net/a-basic-demographic-profile-of-workers-in-frontline-industries/#:~:text=Workers%20in%20frontline%20industries%20are%20disproportionately%20women.%20About,and%20Child%20Care%20and%20Social%20Services%20%2885.2%20percent%29.

interviewed identified as Black or African American, even though African Americans comprise only 9% of the state's population. While American Indians only make up 1% of the state's population, 13% of those interviewed identified as American Indian in the Study's survey. Statewide statistics also highlight the representation of individuals identifying as LGTBQ among those experiencing homeless. More specifically, 9% of homeless adults and nearly 18% of homeless youth (24 and under) self-identified as LGTBQ. Finally, as summarized by Wilder, "83% of homeless adults have either significant mental illness, chronic health condition(s), substance abuse disorder, or evidence of a traumatic brain injury. 44% have more than one of those conditions."

The frontline workforce providing direct contact service with individuals experiencing homelessness, or at-risk of homelessness or housing instability are serving populations that have been victims of systemic racism, discrimination or other exclusionary policies and practices. The workforce is also an integral part of the solution of employing person-centered, equitable practices to getting people housed and able to access the services they need to live with dignity. Accessing data on the scope of the frontline workforce and pushing the research further to study its diversity as well as responsiveness to the needs of program recipients would provide insight on actionable ways to address disparities in homelessness rates. While we recognize that social determinants of health also play a critical role in the process, they are beyond the scope of this proposal.

Behavioral Health Workforce

Black/African Americans and American Indians are overrepresented in the mental health and substance use disorder treatment system. Any increase in access to treatment and funding for related activities is anticipated to have a greater effect on these groups. Black, Indigenous, and Communities of Color are less likely to seek mental health and substance use disorder treatment services when there is a lack of providers who look like them, understand their culture, speak their language, and provide culturally responsive services.

Impacts to Counties:

This proposal does not have a direct impact on county budgets. Mental health, housing, and home and community-based workforce issues have led to challenges for county social workers who cannot always find appropriate services and supports for people.

Impacts to Tribes:

Workers employed by tribal nations and who are providing behavioral health, disability/older adult, and housing services and who meet income requirements are eligible to apply for this funding.

Results:

DHS or the third-party administrator will track the quantity of grants provided to individual workers and providers. We anticipate that the third-party administrator will track the industry in which the worker is employed. The state will be able to use the data to inform future workforce policy interventions.

Fiscal Impact:

The Workforce Incentive Fund will have a total of $115 million appropriated in fiscal year 2023, with the ability to roll over unspent funds through the end of fiscal year 2025. Up to three percent could be used for a third-party administrator to administer the funds. Additionally, three FTEs are required at the Department of Human Services to develop and administer the grant application process, as well as potentially working with a third-party administrator.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		115,224	115,224	0	0	0
HCAF						
Federal TANF						
Other Fund						
Total All Funds		115,224	115,224	0	0	0

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	52	LTC Grants		115,000	115,000	0	0	0
GF	15	CSA Admin	0	345	345	0	0	0
GF	REV1	FFP for CSA Admin	0	-121	-121	0	0	0

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	15		0	3	3	0	0	0

FY 2022-23 Supplemental Budget Change Item HC-69

Change Item Title: Increasing Health Care Access and Affordability for Minnesotans

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	49,416	50,311	59,087
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	49,416	50,311	59,087
FTEs	**0**	**18**	**28**	**49**

Request:

The Governor recommends modifying the existing Medical Assistance (MA) and MinnesotaCare programs to improve access to public health care programs and to allow additional Minnesotans to buy comprehensive health insurance coverage via the MinnesotaCare program. This proposal would require an investment in the FY2022-2023 biennium of $49,416,000 and $110,120,000 in the FY2024-2025 biennium.

Rationale/Background:

Since the passage of the Affordable Care Act (ACA), Minnesota has been a leader in health insurance coverage and health innovation. However, many Minnesotans still do not have access to affordable health care, regardless of how and if they have health care coverage.

Minnesota's uninsured rate of 5.3 percent in 2020 remains below the national average of 8.6 percent; however, the state no longer ranks in the top 10 states with the lowest uninsured rates.[8] An estimated 294,000 Minnesotans remain uninsured, and, of those 294,000, about half are likely eligible for Minnesota Health Care Programs (MHCP), Medical Assistance or MinnesotaCare, as they exist today. Another 36.5 percent are likely eligible for advanced premium tax credits (APTCs) through MNsure. Additionally, even for insured Minnesotans, high out-of-pocket costs may prevent them from seeking necessary medical care. Minnesota has the highest rate of out-of-pocket (OOP) spending in the country ($3,750 annually), which is roughly twice the national average ($1,768 annually).

Research indicates that three groups of Minnesotans continue to need help accessing and affording health insurance:

- People who are uninsured;
- People in qualified health plans (QHPs) with unaffordable coverage (i.e., those with high deductible health plans); and
- People in employer-sponsored insurance (ESI) with unaffordable out-of-pocket costs.

Proposal:

This proposal takes a three-pronged approach to reduce the number of Minnesotans who are uninsured and to address the affordability of health care for Minnesotans struggling to pay for the insurance they do have. First, this proposal improves the experience for people applying for or enrolled in public health care programs by reducing language, accessibility, and technological barriers that hinder success. Second, this proposal expands coverage options by modifying the existing MinnesotaCare program, and creating a new choice for Minnesotans purchasing health care coverage through MNsure. Finally, this proposal invests in IT system infrastructure and enrollment processes to improve the enrollee experience for public programs and streamline the consumer experience across public programs and the individual marketplace.

1. **Improve the applicant/enrollee experience**
    - This portion of the proposal seeks investments in six areas to significantly improve the Minnesota Health Care Program (MHCP) enrollee experience and ensure meaningful access to public health care programs. Many of these items are responsive to issues brought forward by stakeholders that

[8] SHADAC analysis of 2021 Current Population Survey Annual Social and Economic Supplement

can make it more difficult for individuals, especially those with limited English proficiency (LEP), to enroll in MHCP. This proposal includes investments in the following areas:

- **Update DHS's Interactive Voice Response (IVR) system.** The IVR system is the automated system that answers the enrollee phone line and directs the call based on the enrollee's response to prompts. Enhancements to the current IVR system would allow for automated responses, premium payment options, and additional functionality in other common languages, improving access ability for individuals with limited English proficiency. With these changes, enrollees will receive answers to many of their common questions, in their preferred language, via an automated phone system 24/7, without having to wait for an agent. Two FTEs (MAPE 14L) are needed to identify applications and forms for translation, develop timelines and recurring schedule for translations, seek input from stakeholders, and revise/update applications and forms.
- **Improve accessibility for MHCP applications and forms.** This portion of the proposal invests in translating additional applications and forms in multiple languages. Two FTEs (MAPE 14L) are needed, to identify applications and enrollee forms for revisions, updates, and translation; seek input and feedback from stakeholders; develop timelines; and create and prompt a recurring schedule for translations.
- **Enhance the enrollee consumer portal.** Additions to the online consumer portal will allow applicants and enrollees to report changes in circumstances, submit verification documents, and sign and return renewal paperwork. This includes creating text message and email alerts for applicants and enrollees, as well as conforming changes to the caseworker and assister portals. This will improve the user experience and increase access to Minnesota Health Care Programs by providing a free and convenient alternative to phone calls and mailing or faxing documents. This provision would require an up-front IT investment of $4,560,000 in state share; 20% is assumed per fiscal year thereafter for ongoing maintenance. One FTE (MAPE 14L) is needed to research and develop business rules consistent with data privacy and Medicaid requirements for various consumer online transactions, and to participate on the IT project team.
- **Invest in Address Validation software.** This portion of the proposal invests in address validation software to ensure notices are reaching enrollees. Software costs are estimated at $250,000.
- **Data analytics and statistical software.** This portion of the proposal makes investments to identify and analyze health care eligibility data so the Agency can better identify trends and issues to target areas for process improvement and performance metrics. This will require 3 FTEs (1 MAPE 18L, and 2 MAPE 16Ls) to identify and analyze health care eligibility data and to identify trends and issues to target areas for process improvement and performance metrics. This software will also be used to connect disparate data sources to tell an integrated story across the Department's programs and the populations it serves. Software investments will offset manual efforts currently used to clean and manipulate data, and repurpose that capacity to conduct more advanced analytics. This portion of the proposal will require 1 FTE in the Operations Administration beginning in January 2023.

- **Invest in Community Driven Healthcare Improvements.** DHS will engage in more meaningful community engagement by contracting with community-based organizations to facilitate conversations with MHCP enrollees. This enrollee-provided insight will allow MHCP to be more responsive to the needs of Minnesotans, and to ensure that programs are tailored to meet Minnesotans where they are. Funding would go towards meeting facilitation, processing information gathered with DHS leadership, stakeholder recruitment, and follow-up with individual participants. The cost includes funds to offer reasonable hospitality for meetings and stipends for participants that honor the value of their time and expenses incurred through participation. By offering this funding through contracts, DHS would leverage the expertise and experience of pre-trained and trusted community co-creators and navigators who can assist in supporting enrollees' participation in conversations, and also follow up with them regarding any unmet social needs that are identified in the course of engagement. In addition to $680,000 each fiscal year in contract dollars, DHS requests two FTEs for this portion of the proposal: one FTE to administer the contracts and facilitate recommendation development, and one FTE to address programming and policy to combat health disparities and inform policies that address social determinants of health and their impacts. Throughout implementation of the "improve the applicant/enrollee experience" portion of this proposal, the DHS will engage with enrollees, processing entities (i.e., counties, tribes), and application assisters (i.e., navigators, certified application counselors) to ensure processes being built address the needs of all Minnesotans.

2. Coverage Expansions

- This portion of the proposal seeks to expand the affordable health care options to which Minnesotans have access. The following coverage expansions will be made under this proposal:
    - **Establish a MinnesotaCare Buy-In.** Makes MinnesotaCare available to people with incomes over 200% FPL and those with access to employer-sponsored coverage or other coverage that is deemed "affordable" according to federal guidelines. People who enroll via the buy-in must still meet all other MinnesotaCare eligibility requirements. Enrollment will be limited to MNsure's annual open enrollment period or special enrollment periods. DHS will develop a premium scale for enrollees with incomes over 200% FPL.
        - This provision would be effective January 1, 2025, or upon federal approval, and would require 30.5 FTEs upon full implementation. Duties of these FTEs would include processing enrollments, providing business expertise in systems testing, responding to health care eligibility appeals, corresponding with the federal government, and providing data analytics related to external stakeholder requests.
        - This provision would also require $400,000 in contract costs in FY23 and $100,000 in contract costs in FY24 to complete analysis related to a 1332 state innovation waiver, analysis related to tax implications and increasing provider enrollment in MinnesotaCare, and designing an alternative delivery system.

    - Lastly, this provision would require systems changes as outlined in the IT Related Proposals section below.
  - **MinnesotaCare Premium Simplification.** To comply with the American Rescue Plan Act (ARPA), and as authorized by the 2021 Legislature, Minnesota is currently charging lower monthly MinnesotaCare premiums than are reflected in the premium scale previously defined in state law. Under the provisions passed in the ARPA, enrollees with income under 160% FPL are not currently subject to any premium, and the highest premium anyone pays for MinnesotaCare is $28 per month. Under the pre-ARPA MinnesotaCare premium scale in Minnesota Statutes 2021, section 256.15, subdivision 2, the highest premium was set at $80 per person.

- Under this proposal, DHS will continue to apply the simplified premium scale implemented after the passage of the American Rescue Plan Act beyond its expected expiration at the end of CY2022. By continuing the reduced premium scale, this proposal seeks to maintain premium-free MinnesotaCare coverage for those enrollees who are no longer subject to a monthly premium, and avoid imposing the former higher premium scale, which would otherwise be required beginning with coverage for January 2023. Additionally, the simplified premium scale would expedite the enrollment process for some new MinnesotaCare-eligible enrollees, whose coverage will start sooner, as it will not be dependent on the premium billing and receipting process.
  - This provision is proposed to be effective in January of 2023, and would result in an 84% decrease in projected premium revenue that would total about $15.116m in FY23, $28.843m in FY24, and $29.222m in FY25.
  - This provision would not require systems changes or additional staffing.
  - **Coverage for Children who are Undocumented.** According to the State Health Access Data Assistance Center (SHADAC), about 17.6% of uninsured Minnesotans are undocumented. The Governor recommends addressing this segment of the uninsured population by allowing children under 19 who are undocumented and have incomes below 200% FPG to be eligible for the MinnesotaCare program.
  - The Migration Policy Institute (MPI) estimated that, in 2018, there were 92,000 undocumented individuals in Minnesota. DHS used additional income, age and uninsurance rate data from MPI to determine that about 46,000 undocumented Minnesotan children would qualify for MinnesotaCare because of this provision. Based on DHS data, an estimated 1,718 average monthly enrollees would gain coverage under this proposal.
    - This proposal would require 10 FTEs. FTEs would begin on January 1, 2023, for an effective service date of January 1, 2024. FTEs are not assumed to drawn down Federal Financial Participation (FFP), and would perform duties like processing applications and forms, assisting with system issues, conducting health care eligibility appeals, and providing data analytics.

3. Implementing a user-friendly enrollment system for MHCP

- Minnesotans currently eligible for MHCP face significant barriers to enrollment, partially due to the complexity and rigidness of current eligibility systems used by DHS and processing entities. A new

enrollment system for MHCP would allow the state to be responsive to future state and federal policy changes, including the implementation of the buy-in provision contemplated in this proposal. A new eligibility system would include online plan selection and plan comparison tools (i.e., provider directories with search functions) and more robust information (i.e., accessibility and language information), to help enrollees select the managed care plan that best meets their family's needs during initial enrollment and during annual health plan selection. Additionally, DHS will collaborate with MNsure on a new IT system, or components of an IT system, that include self-service support for all programs. Minnesotans will continue to be able to apply in a single location for all health care programs, as they are currently; however, processes will be expanded so they can apply, select a health plan, complete renewals, report changes, upload verification documents, receive notices electronically, and other process improvements. These features will also be accessible in the assister portal so that navigators, certified application counselors, and others who help Minnesotans apply for health care coverage can more efficiently assist those who seek help. Improving these processes will align the experience of public program enrollees with the enrollment processes of private market enrollees, leading to better alignment across the continuum of coverage.

    - This provision will require 8 FTEs (MAPE 17L) to provide expert input into the RFP development and selection process, to assist in developing IT eligibility policies that conform with complex program requirements, and to ensure that the future enrollment process is more streamlined, simple, and nimble than the enrollment system of today.

- Several factors need to be considered as part of implementation planning for this proposal. Primary considerations include the timing and eventual end of the federal public health emergency, and the "unwinding" of the Families First Coronavirus Response Act's continuous coverage requirements. Finally, the federal Build Back Better Act contains additional potential Medicaid expansions, such as the continuation of the premium tax credit expansions from the ARPA (though not permanently). DHS will continue to track federal proposed changes to the Medicaid program, and to adjust plans that affect Medical Assistance and MinnesotaCare accordingly to ensure that, amidst state and federal proposed changes, Minnesotans seeking access to care experience continuity and consistency in access to providers with whom they already have relationships.

Impact on Children and Families:

Under this proposal, children and families will have better access to affordable health insurance coverage. This proposal will increase access to MHCP for currently eligible children and families, and will permanently lower out-of-pocket costs for families enrolled in MinnesotaCare.

Equity and Inclusion:

According to a SHADAC analysis of 2018-2019 American Community Survey data, populations of color are overrepresented in the number of uninsured Minnesotans. Black Minnesotans represent 6.5% of the total population, but 11.3% of the uninsured. Similarly, Hispanic/Latino Minnesotans represent 5.5% of the total population, but 18.9% of the uninsured. Improving the enrollee experience for those who are eligible for MHCP would likely decrease overall insurance rates, and impact the communities that are disproportionately

uninsured. Additionally, in Minnesota 41.5% of black Minnesotans, 39% of American Indian/Alaskan Native and 29.5% of Hispanic/Latino people have Medicaid as their source of health care coverage. These improvements to the applicant/enrollee experience and technological advancements for people to apply and enroll in MHCP would particularly benefit people of color and indigenous Minnesotans.

Impacts to Counties:

Counties will see the effects of an improved enrollee experience in MHCP, and have access to any new eligibility system put forward in this proposal. DHS will consult with county agencies in their role as processing entities as the agency works to improve the application and enrollment processes for these programs.

Impacts to Tribes:

Tribes will see the effects of an improved enrollee experience in MHCP, and have access to any new eligibility system put forward in this proposal. DHS will consult with tribal nations in their role as processing entities as the agency works to improve the application and enrollment processes for these programs, specifically for ways to meet the needs of tribal members.

Results:

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Number of uninsured Minnesotans	N/A	294,000	Annual
Quantity	Number of Minnesotans who enroll in the buy-in option	N/A	N/A	Annual
Results	Minnesota uninsured rate	N/A	5.3%	Annual

IT Related Proposals:

IT investments related to MNIT as contemplated as part of this proposal are below.

For all of these estimates, the following assumptions apply:

- The estimated duration and earliest completion date of the proposed project(s) assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.
- The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20% contingency assumption to account for unforeseen business requirements in the development and implementation process.
- In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.

- **Improve the applicant/enrollee experience.** Provisions in this portion of the proposal are estimated to take approximately a year to complete, and cost a total of $8,099,905 in state and federal dollars for initial development. This proposal also includes software purchases estimated to cost $584,000 in FY23, with ongoing costs of $168,000 per fiscal year. Federal Financial Participation is estimated on all of these total-dollar numbers.
- **Coverage Expansions.** Provisions in this portion of the proposal are estimated to cost $7,864,462 in total dollars for initial development, and to take approximately 24 months to complete. No federal match is reflected for this work as it is assumed to be ineligible for enhanced federal systems funding.
- **Implementing a user-friendly enrollment system for MHCP.** This work is estimated to cost a state share of $15,510,000 in FY23, $14,952,000 in FY24, and $14,952,000 in FY25; this investment is expected to leverage an additional $74,096,000 in federal systems dollars.

Fiscal detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	0	0	0	0	0
HCAF	0	49,416	49,416	50,311	59,807	110,120
Federal TANF			0			0
Other Fund			0			0
Total All Funds	0	49,416	49,416	50,311	59,807	110,120

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF	31	MinnesotaCare Grants	0	15,116	15,116	29,451	37,523	67,438
HCAF	13	HCA Admin - IVR Upgrades and Translation services	0	1,350	1,350	0	0	0
HCAF	13	HCA Admin (Contract, non-FFP eligible)	0	400	400	100	0	100
HCAF	13	HCA Admin (Contract, FFP eligible)	0	680	680	680	680	680
HCAF	13	HCA Admin -FTEs (0,17,17,38)	0	1,868	1,868	2,147	4,612	6,759
HCAF	13	HCA Admin - FTEs (no FFP) (0, 0, 10, 10)	0	0	0	1,160	1,008	2,168

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF	11	OPS Admin - FTEs (0, 1, 1, 1)	0	42	42	84	84	168
GF	REV1	FFP @ 32%	0	(1,247)	(1,247)	(905)	(1,693)	(2,380)
HCAF	11	State Share of Systems Costs	0	27,708	27,708	17,594	17,594	35,187
HCAF		MNsure estimated IT costs	0	3,500	3,500	0	0	0

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF	13	HCA Admin (FTE)		17		27	48	
HCAF	11	OPS Admin (FTE)		1		1	1	

Statutory Change(s):

Section 256L.04, subdivisions 1c, 7a, 10; adds a new subd. 15

Section 256L.07, subdivisions 1, 2

Section 256L.15, subdivision 2

FY 2022-23 Supplemental Budget Change Item HC-68

Change Item Title: 12-Months of Continuous MA Eligibility for Children under Age 21

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	6,497	34,221	40,466
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	6,497	34,221	40,466
FTEs	**0**	**5.25**	**5.25**	**5.25**

Request:

The Governor recommends implementing 12 months of continuous eligibility for children under age 21 enrolled in Medical Assistance (MA). This proposal would increase General Fund expenditures by $6,497,000 in the FY2022-2023 biennium and by $74,687,000 in the FY2024-2025 biennium.

Rationale/Background:

Currently, Section 1902 of the Social Security Act gives states the option to provide continuous Medicaid eligibility to children under age 19. Continuous eligibility means that a child determined eligible for Medical Assistance remains eligible until the annual renewal, regardless of most changes in circumstances, such as income increases, that would ordinarily cause the child to lose eligibility during the year. According to a recent

report by the Medicaid and Children's Health Insurance Program (CHIP) Payment and Access Commission (MACPAC), 23 states had implemented 12-month continuous eligibility for children in Medicaid as of January 2020.[9] Additionally, 25 states implemented 12-month continuous eligibility for children in CHIP.

The Build Back Better Act, as currently drafted and passed by the House, makes continuous eligibility for children under age 19 a mandatory component of Medicaid. For Minnesota, the Build Back Better Act provision would apply to all children under age 19 eligible for MA and to CHIP-funded infants under age 2. To extend continuous eligibility to children ages 19 and 20, to children with disabilities and to children eligible for Medical Assistance under the TEFRA option, DHS will seek federal approval via state plan amendments and a section 1115 waiver from the Centers for Medicare & Medicaid Services (CMS).[10]

Continuous coverage will help simplify the eligibility rules for children enrolled in Medical Assistance and will protect children from churning off and back on the program when temporary changes, such as fluctuations in family size and household income, occur during the 12-month eligibility period. The MACPAC report found that, consistent with prior research, 12-month continuous eligibility policies were associated with reduced gaps in insurance coverage for children.

Proposal:

This proposal would authorize 12-month continuous Medical Assistance (MA) eligibility for children under age 21. Under this proposal, children under age 21 determined eligible for Medical Assistance would maintain eligibility for a 12-month period, until their annual renewal, regardless of most changes in circumstances that would typically result in closure. At the end of the 12-month period, the child's eligibility will be redetermined following standard Medical Assistance eligibility renewal policies, including closure if the child is no longer eligible. If eligibility is renewed, the child is again enrolled in Medical Assistance for a new 12-month eligibility period.

Once approved, a continuous eligibility period will only end if the child:

- Reaches age 21;
- Ceases to be a Minnesota resident;
- Voluntarily requests closure; or
- Dies.

[9] https://www.macpac.gov/wp-content/uploads/2021/10/An-Updated-Look-at-Rates-of-Churn-and-Continuous-Coverage-in-Medicaid-and-CHIP.pdf

[10] See Medical Assistance under the TEFRA Option for Children with Disabilities

While the federal Build Back Better Act mandates continuous eligibility for children under age 19, this proposal would extend the 12 months of continuous coverage to children under age 21. This will align eligibility rules for families with children of varying ages and is consistent with the definition of a child in the early periodic screening, diagnosis, and treatment (EPSDT) program.

This proposal will require systems adaptations and the following administrative resources:

- 1 FTE (MAPE 14L) in the Health Care Administration's Health Care Eligibility and Access Division to assist the Federal Relations Division in the assorted approvals needed, develop related eligibility policies across all MA subprograms for children, and participate in multiple IT projects related to METS, MAXIS, and MMIS impacts of this provision;
- 2 FTEs (MAPE 14L) in the Health Care Administration's Health Care Eligibility Operations Division to act as a business lead for business requirements, review and approve functional requirements, test and assist with implementation.
- 2 FTEs (MAPE 11L) are needed in the Health Care Administration's Health Care Eligibility Operations Division to assist with business requirements, review and approve functional requirements, test and assist with implementation so they can update or draft new procedures and train county, tribal and state staff on these changes; and
- 0.25 FTE (MAPE 17L) is needed in the Health Care Administration's Healthcare Research and Quality Division to prepare an evaluation plan for the 1115 waiver with appropriate metrics to ensure the state is getting the results it expects from the coverage change, then annually calculate/prepare necessary access and quality measure results, and lastly summarize report observations and analysis for the waiver report.

Impact on Children and Families:

This proposal will ensure that children determined eligible for Medical Assistance maintain their eligibility for up to 12 months at a time. In 2019, the average monthly enrollment in Medical Assistance for children ages 0-19 was 526,433.[11] DHS assumes that, on average, an additional 15,888 kids would maintain eligibility per month under this proposal once it is fully implemented.

This policy change aligns with existing continuous eligibility MA program rules for pregnant women and auto-newborns (children born to a woman enrolled in MA). Continuous eligibility will not only decrease the churn of children on and off of Medicaid, it will also increase access to health care for these children. A study from the Government Accountability Office (GAO) discovered that Medicaid enrollees who had coverage for a full year reported fewer difficulties in accessing services and obtaining necessary care, compared to those who only had partial year insurance and were more likely to report problems with obtaining care.[12]

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[11] https://mn.gov/dhs/medicaid-matters/who-medicaid-and-minnesotacare-serves/

[12] Georgetown University Health Policy Institute, Center for Children and Families, Continuous Coverage in Medicaid in CHIP, July 2021, pg. 6.

Impacts to Counties:

Counties will be responsible for following and effectuating the policy change through their role as processing entities. DHS will engage with county workers to develop procedures and will communicate these changes with the counties.

Impacts to Tribes:

Tribes that process their own health care cases will be responsible for following and effectuating the policy change through their role as processing entities. DHS will engage with tribal workers to develop procedures and will communicate these changes with the counties. Additionally, children who are tribal members and meet the MA eligibility requirements will have their coverage maintained for 12 continuous months under this proposal.

Equity and Inclusion:

An analysis of 2018 American Community Survey (ACS) data by the State Health Access Data Assistance Center (SHADAC) shows that, in Minnesota, 64% of Black children, 54% of American Indian/Alaskan Native children, and 52% of Hispanic/Latino children receive their health care coverage through Medical Assistance, as compared to 17% of white children. Families with low and moderate household incomes are likely to experience 2-3 months of year in which their income is higher than the Medicaid threshold, due to seasonal employment, variable work hours, or occasional overtime pay.[13] Families with volatile incomes are also more likely to experience other adverse situations, such as food insecurity, unstable housing, greater parental stress, and reduced child academic attainment.[14] Losing coverage, even temporarily, compounds the other challenges these families encounter.[15] Consistent and reliable access to health care can help mitigate these negative effects, while also ensuring that medical debt, the most common cause of bankruptcy, does not increase these difficulties.[16]

Results:

- **Quantity:** Quantity will be measured by running a report to determine the number of children under age 21 who retained MA eligibility due to continuous eligibility under this proposal, when they would have ordinarily lost MA eligibility.
- **Quality:** Continuous eligibility for children will improve the state's overall ability to measure Quality of Health Care, as continuous enrollment with no more than a one-month gap in coverage is often a pre-

[13] Id.

[14] *Id.* at pg. 7.

[15] *Id.* at pg. 6.

[16] *Id.* at pg. 7.

requisite for most health care quality measures (such as preventative care, immunization rates, and medication management).[17]

- **Result:** Results will be measured by comparing data to see if continued eligibility for children increased access to health care. Did children who would normally be ineligible access services during that time?

IT Related Proposals:

This proposal requires systems modifications to implement the change. The state share of the systems costs are $864,000 in fiscal year 2023 and $173,000 per year thereafter.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	6,497	6,497	34,221	40,466	74,687
HCAF						
Federal TANF						
Other Fund						
Total All Funds	0	6,497	6,497	34,221	40,466	74,687

Fund	BACT #	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	33ED	MA Grants	0	222	222	1,505	1,840	3,345
GF	33FC	MA Grants	0	5,046	5,046	32,130	38,040	70,170
GF	13	HCA Admin - FTEs (0, 5.25, 5.25, 5.25)	0	535	535	608	608	1,216
GF	REV1	FFP@32%	0	(171)	(171)	(195)	(195)	(389)
GF	11	State Share of Systems Costs	0	864	864	173	173	346

[17] *Id*.

Requested FTE's

Fund	BACT #	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	13	HCA Admin – FTEs		5.25		5.25	5.25	

FY 2022-23 Supplemental Budget Change Item CF-54

Change Item Title: Stabilizing Working Minnesotans

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	967	14,185	19,948
Revenues	0	0	0	0
Other Funds				
Expenditures	0	529	16,710	24,247
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	1,496	30,895	44,195
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends investments of $967,000 from the general fund and $529,000 from the TANF fund in FY 2023 and $34.1 million from the general fund and $40.957 million from the TANF fund in the FY 2024-25 biennium to make the Minnesota Family Investment Program and General Assistance more effective at stabilizing income for very low income adults, particularly those who get jobs, and to simplify program administration.

Rationale/Background:

The adults who turn to Minnesota's cash assistance programs see significant income changes from month to month. For instance, 44% of the families turning to MFIP experience extreme income instability; in any month they have a 30% chance to have either no income at all or twice their average monthly income. This volatility is true of low wage workers in general. The budgeting method and budget periods Minnesota uses to determine

monthly benefits contribute to the income instability instead of stabilizing household income. This effect undermines the intent of Minnesota's public assistance programs to support work and help move households to economic stability.

Complex public assistance policies also divert county staff time, set the stage for frequent errors, and create even more stress for people in crisis who have turned to assistance. The fact that the policies differ from program to program adds to the complexity and the possibility of confusion and errors. County staff spend more time on cash assistance cases than on Supplemental Nutrition Assistance Program (SNAP) cases. In 2018, the counties spent an average of about $128 per case per month to administer the Minnesota Family Investment Program (MFIP) and $42 per case per month to administer General Assistance (GA). That is compared to about almost $37 per case per month to administer the Supplemental Nutrition Assistance Program.

Cash assistance policies use a budgeting method no other programs use and set month-to-month budget periods, which are especially problematic for people with earning. This proposal would:

- Support work by stabilizing the incomes of low wage workers receiving assistance and reducing the heavy paperwork currently imposed on people who get jobs while receiving assistance.
- Simplify the process of determining benefits.
- Enact changes in support of the Integrated Services Business Model which counties and the Department have identified as a goal.
- Prepare for a more efficient, less expensive modernization of the IT system used to determine eligibility.

Proposal:

This proposal builds on the mission of supporting work for people receiving public assistance and on legislation enacted in 2014 and 2015 that streamlined reporting, income calculations, and asset determination policies, by making many of those policies uniform across multiple programs, and by eliminating inefficient processes. This proposal creates more uniform methods for calculating benefits across public assistance programs and eliminates the administratively costly and time-consuming requirements of re-determining benefits every month for all MFIP cases and some General Assistance cases.

Cash assistance programs are forecast programs. These policy changes will lead to a change in the base funding for the programs. The costs are $1.496 million in FY 2023 and $75.09 million in FY 2024-2025. In FY23, $529,000 in one-time TANF reserve funds are used to reduce the general fund costs in FY23. $40.957 million in one-time TANF reserve funds are used to reduce the general fund costs in FY24-25. The general fund will cover this portion in future years.

This proposal will closely align Minnesota's policies for cash assistance programs with the federal Supplemental Nutrition Assistance Program. The two cash programs would make two significant changes:

1. Stabilize benefits for six-month periods.

- Benefits would be set for six-month budget periods instead of month-to-month. Households with earnings would experience more stable benefits over that six month period. Regularly scheduled six-month reviews would examine income and household composition to determine eligibility and benefit levels for the next six months. General Assistance households with at least $100 a month in earnings and all Minnesota Family Investment Program households would now be subject to those six month budget periods. This change means that:
- Households would still have to report changes in essential information that determine whether or not they are categorically eligible for the program at the time the change occurs. In the Minnesota Family Investment Program, for instance, this would mean reporting if the minor children left the household. For General Assistance, for instance, this would mean reporting if no longer being needed in the home to care for an ill or disabled household member.
- Households would still have the option to have benefits adjusted if their income fell or household membership grew before a scheduled six -month review.
- The programs would align with the Supplemental Nutrition Assistance Program and Housing Support program, which do use six month periods for calculating benefits.

2. Use more current income for budgeting benefits.
    - The Minnesota Family Investment Program and General Assistance would use income from the last 30 days to set benefit levels for a six-month period – as Supplemental Nutrition Assistance Program and Housing Support do. What occurs now is that benefits for a month are determined based on income from two months earlier. Minnesota is the only state that still uses this method (called retrospective budgeting) for its Temporary Assistance for Needy Families cash assistance program. The change in the budgeting method means that:
    - Eligibility workers will only need to learn one basic budgeting process for public assistance programs.
    - The people we serve can anticipate how their income will be treated across different programs.

Impact on Children and Families:

Women make up half of Minnesota's population but are 82% of the adults enrolled in the Minnesota Family Investment Program. There are approximately 64,000 children in families that have turned to the Minnesota Family Investment Program (October 2020). More than half the families that have turned to the program have a child younger than six.[18] As a result, these policy changes will disproportionately benefit families with children and women by simplifying and aligning budgeting and reporting processes for cash assistance programs. These families will have more predictable and stable benefits to support housing, child care, and other necessary family expenses.

Equity and Inclusion:

Cash assistance programs reflect Minnesota's racial economic disparities. Poverty rates for African Americans and American Indians in Minnesota are about four times higher than the poverty rate for white Minnesotans.[19] Unemployment rates for American Indian, African American, and Latinx workers are 2-3 times higher than white workers.[20]

African Americans make up 33 percent of the Minnesota Family Investment Program caseload,**Error! Bookmark not defined.** but comprise only 7 percent of state residents.[21] American Indians make up 6 percent of the caseload,**Error! Bookmark not defined.** but comprise only 1.4 percent of state residents.[21] Overall, people of color and American Indians make up 64 percent of the Minnesota Family Investment Program caseload,**Error! Bookmark not defined.** but are 21 percent of state residents.[21] In addition, at least 36 percent of families that turn to the program have a family member with serious health problems or a disability.**Error! Bookmark not**

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[18] Minnesota Department of Human Services, Minnesota Family Investment Program and Diversionary Work Program: Characteristics of Cases and People, 2018.

[19] Minnesota Department of Health, People in Poverty in Minnesota, 2017.

[20] Minnesota Department of Employment and Economic Development, How Does Minnesota Unemployment Compare, 2015.

[21] U.S. Census, QuickFacts, Minnesota, 2019.

defined. African Americans are the most likely to be employed while also receiving assistance and therefore are particularly subject to the increased reporting burdens imposed on employed participants. Additionally, 45% of General Assistance recipients are Black, Indigenous or people of color.

The paperwork burden and the unpredictability caused by program complexity add to the stress already imparted by poverty and discrimination experienced by the people we serve. The vast majority of parents who turn to the Minnesota Family Investment Program have just lost a job and are concentrated in retail, hotel, restaurant, health care, and temporary agency industries. These are the same agencies in which people of color and American Indians are most likely to be employed.[22] These jobs are subject to inconsistent work schedules, high turnover, and no benefits. These workers rarely receive unemployment insurance. The public assistance system they turn to during a time of crisis is unnecessarily complicated. These policy changes will disproportionately benefit those workers by simplifying and aligning budgeting and reporting processes for cash assistance programs.

Impact to Counties:

County offices would recognize reduced administrative burden as illustrated by the following:

- County eligibility workers would no longer be examining and readjusting more than 13,000 cases a month.
- A monthly 5-page report form would no longer be used and in its place people receiving cash assistance would complete the same six-page form used by Supplemental Nutrition Assistance Program and health care programs for six month reviews.
- The 14 pages in the state's manual for eligibility workers on instructions about reporting would be reduced by almost half.

Impact to Tribes:

Tribal offices would recognize reduced administrative burden as illustrated by the following:

- Tribal eligibility workers would no longer be examining and readjusting more than 13,000 cases a month.
- A monthly 5-page report form would no longer be used and in its place people receiving cash assistance would complete the same six-page form used by Supplemental Nutrition Assistance Program and health care programs for six month reviews.
- The 14 pages in the state's manual for eligibility workers on instructions about reporting would be reduced by almost half.

[22] Minnesota Department of Employment and Economic Development, Minnesota Economic Disparities by Race and Origin, 2020

IT Related Proposals:

The costs below are total dollar estimates (not including Federal Financial Participation) for changes to the MAXIS eligibility system.

MAXIS	2023	2024	2025	2026
Cost by System	$969,870	$726,708	$0	$74,612
Operational Cost	$0	$0	$300,433	$334,289
Total Cost	$969,870	$726,708	$300,433	$408,901
Total of All System Costs by Fiscal Year	**$969,870**	**$726,708**	**$300,433**	**$408,901**

Results:

Cash assistance would more effectively support households where the adults are working and would more effectively help households, particularly children, move out of deep poverty and manage the destabilizing income volatility that low income households experience. Under this proposal, individuals who get jobs would no longer have to engage in monthly benefit recalculations and the uncertainty those create for their income.

The Housing Support Program introduced six month budget periods and prospective budgeting for those with earnings in its program in 2015 and saw the number of recipients with earnings more than double in the years since then.

About 44% of Minnesota Family Investment Program households experience extreme income volatility, meaning in any month they have a 30% chance of having no income or double their average monthly income. This is particularly true of those with earnings. Low wage work often provides unstable income because of unpredictable schedules and shifts. Research indicates that income volatility increases the risks of experiencing mental health problems and the rate of emergency room visits.

Having the public assistance benefits that supplement those earnings predictable for six-month periods makes predictable budgeting possible and sustaining work more likely.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		967	967	14,185	19,948	34,133
HCAF						
Federal TANF		529	529	16,710	24,247	40,957
Other Fund			-			-
Total All Funds		1,496	1,496	30,895	44,195	75,090

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	11	MAXIS System changes (state share @ 55%)		533	533	400	165	565
General Fund	21	MFIP/DWP Cash Assistance		285	285	8,997	13,057	22,054
Federal TANF	21	MFIP/DWP Cash Assistance		529	529	16,710	24,247	40,957
General Fund	22	MFIP Child Care Assistance Program		101	101	3,261	4,510	7,771
General Fund	23	General Assistance		48	48	1,527	2,216	3,743

Statutory Change(s):

Chapters 119B, 256D, 256I, 256J, and 256P.

FY 2022-23 Supplemental Budget Change Item CS-41

Change Item Title: Addressing Deep Poverty in Minnesota

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	82	19,394	26,686
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	82	19,394	26,686
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends improvements to program access and services for Minnesotans living in deep poverty by:

- Disregarding statewide emergency periods in the Emergency General Assistance allocation formula;
- Clarifying state laws about cash assistance overpayments to reduce administrative burden;
- Aligning the benefit amount for General Assistance to the one-person standard used of the Minnesota Family Investment Program and its annual cost of living adjustment
- Extending the window for people with disabilities who receive General Assistance or Housing Support to apply for Social Security disability benefits from 30 to 90 days and

The overall cost of this proposal is $82,000 in FY 23 and $46.048 million in the FY 24-25 biennium.

These provisions build on recommendations from the Department of Human Services' 2020 Report on Deep Poverty[23].

Rationale/Background:

Researchers from the Minnesota Department of Human Services found that the 4.2% of Minnesotan adults covered by Medical Assistance and living in deep poverty have higher rates of chronic health conditions than other adults who also receive Medical Assistance.[24] In their 2020 report, Department of Human Services' researchers recommended that the state make intentional changes to its public assistance programs in order to make them more accessible for recipients living in deep poverty.

This proposal builds on insights from the 2020 report and recommends changes that will improve access and reduce service gaps to the state's cash assistance programs, programs serving some of the poorest Minnesotans. The improvements from this proposal will ensure that Minnesota's programs are better meeting the needs of recipients.

Proposal:

This proposal recommends changes to existing programs and includes four parts: (1) Disregard statewide emergency periods in the Emergency General Assistance allocation formula; (2) Budget neutral changes clarifying agency error overpayments; (3) Increasing the benefit amount for General Assistance recipients living in the community; and (4) Allowing up to 90 days for General Assistance and Housing Support recipients to apply for Social Security Disability benefits.

1. **Disregard statewide emergency periods in the Emergency General Assistance allocation formula (budget neutral)**

- Existing law governing the Emergency General Assistance program[25] directs the Department of Human Services to allocate program money to counties and participating tribes based on each county or tribe's average share of the state's general emergency expenditures for the immediate past three fiscal years. With the COVID-19 pandemic, many Minnesota local governments received Coronavirus Aid, Relief, and Economic Security (CARES) funding from the federal government that came with spending deadlines. This affected the amount of Emergency General Assistance spending by counties and participating tribes. As a result, spending from FY2021 and FY2022 is not an accurate reflection of the true need that counties have moving forward. Amending statute to allow the commissioner to disregard periods of

[23] Minnesota Department of Human Services. (December 2020). *We definitely struggle…The worry is always there. Improving the health of people living in deep poverty.* https://www.lrl.mn.gov/docs/2021/other/210226.pdf

[24] https://www.lrl.mn.gov/docs/2021/other/210226.pdf

[25] Minnesota Statutes, Chapter 256D.06, Subd.2, Subsection (c)

pandemic or other disasters for determining Emergency General Assistance allocations will provide the flexibility necessary to ensure allocations best meet local needs. This provision exempts FY2021, FY2022 and future years impacted by pandemic or other disaster.

2. Clarifying agency error overpayments

- Current law directs that overpayments caused by agency error not be charged to the household receiving cash assistance or Housing Support unless the amount of the overpayment is large enough that a "reasonable person" would know it is an error. This provision eliminates the reasonable person contingency.
- An agency error overpayment is one that a local county or tribal human services agency or the Minnesota Department of Human Services causes to happen by neglecting to apply reported information to a household's benefits, by misinterpreting policy or by issuing erroneous policy guidance.
- The reasonable person standard is a case-by-case determination and can be subjective. The Department determined that it was not possible to offer guidance that would result in consistent practice by counties and tribes across the state. The Department therefore has directed that any case in which a county or tribe wants to charge an agency error overpayment should be sent to the state for review. What the state has learned in that review process is that no cases hit a threshold that a reasonable person would recognize as an error. That is because MAXIS, the statewide mainframe system through which counties and tribes issue benefits, does not allow a household to receive a monthly benefit larger than the maximum for a household of that size. The only way to get a dramatically large dollar amount in overpayments is for the error to continue over a long period of time. That long period of time, however, makes it unlikely that someone would recognize the error in their benefits, because the consistent duration of the benefit makes the error less visible.
- This change will reduce a number of administrative review steps and will allow counties and tribes to more quickly resolve cases with overpayments. Since the Department has not seen any agency error overpayments that met a standard that a reasonable person would have recognized as an error, there will be no change in overpayments charged. It will eliminate the existing subjective standard that has proven to not change outcomes. This is a budget neutral proposal.

3. Increasing and adjusting the calculation of the benefit amount for the General Assistance program

General Assistance is a state program created in 1973 for adults without children with the intent of providing assistance to promote public health and welfare. To be eligible, people must meet all of the following requirements:

- One of 14 categories related to illness, disability, or injury that prevents them from working enough to meet their basic needs;
- Countable assets of less than $10,000; and
- Countable income less than the maximum grant amount, which is $203 in most households.

The General Assistance monthly benefit amount of $203 has remained the same since 1986. If the state had increased that amount to account for inflation since 1986, the benefit amount today would be over $500 per month. The deep poverty level benefits make it nearly impossible for the state to achieve the expressed goal of this program to support eligible men and women "to maintain a subsistence reasonably compatible with decency and health."[26]

This provision remedies this gap by aligning the monthly General Assistance community assistance rate with the Minnesota Family Investment Program (MFIP) one-person transitional assistance standard as authorized in 256J.24, subd. 5 and its annual cost of living adjustment as authorized in 256J.24, which is estimated to increase the monthly GA rate for community settings to $344 per month in FY2024 and $348 in FY2025. This will establish consistency across the cash assistance programs in support of ongoing multi-year work to create more uniform policies across public assistance programs in order to reduce administrative complexity. This change would go into effect on October 1, 2023. It is estimated to cost the state $19.369 million in FY2024 and $26.217 in FY2025. In addition, MNIT has identified systems impact to this work, costing $125,188 in FY2023, $23,662 in FY2024 and $23,662 in FY2025.

4. **Setting a 90-day window for people with disabilities who receive General Assistance or Housing Support to apply for Social Security disability benefits and meet with a Social Security Administration worker**

State law[27] requires any person applying for General Assistance and Housing Support who appears eligible for any other source of benefits (e.g. federal Supplemental Security Income) to apply for those other benefits within 30 days of applying for General Assistance and/or Housing Support. The Social Security Administration reimburses the state for General Assistance and/or Housing Support benefits received during the period of retroactive federal eligibility, which includes the period an application for Supplemental Security Income is pending.

The 30-day requirement to apply for Supplemental Security Income is impossible to meet for many applicants in Minnesota, especially those who must have an interview with Social Security. According to recent data from Minnesota Social Security Administration field offices, 23 percent of people seeking Social Security based on blindness or disability waited 41 to 61 days between first contact with the office and their appointment. In six of the 17 federal field offices in Minnesota, a significant majority of cases (97 percent in one of the field offices) were not processed in under 30 days.

These delays by Social Security to process Social Security disability benefits applications is through no fault of the people applying for General Assistance and Housing Support.

[26] Minnesota Statutes, Chapter 256D.01, Subd.1

[27] Minnesota Statutes, Chapter 256D.06 Subd. 5, paragraph (a)]

Allowing for up to 90 days to apply for Social Security disability benefits acknowledges the average time needed to get a Social Security application submitted, to schedule and get an interview with an applicant's local Social Security field office, and for an applicant to collect all the necessary paperwork to apply for Social Security disability benefits. Additionally this timeline considers that an applicant may also need to seek help from an agency that provides advocacy and support services for federal disability application benefits under contract with the Minnesota Department of Human Services under Minnesota Statute 256D.06 Subd. 5 (c).

MNIT has identified 224 hours of work needed to update the MAXIS system for the Housing Support program with the new timeline. The total cost of the systems changes is 23,092 in FY2023 and $4,618 in FY2024.

Impact on Children and Families:

The Emergency General Assistance, General Assistance, Minnesota Supplemental Aid and Housing Support programs are primarily for adults with disabilities. There are broader impacts on children and families for the agency overpayment provision. Children are more than two thirds of the people receiving assistance through the Minnesota Family Investment Program, one of the cash assistance programs affected by this provision. More than half the families who turn to the Minnesota Family Investment Program because of a financial, health or family crisis have a child younger than 5.[28]

Clarifying Agency Error Overpayments

In 2019 agency errors resulted in more than $1.5 million overpayments to more than 2,500 families. Ensuring that families are not charged for paying back those overpayments is an important component of getting children and their families out of the deprivation and stress of poverty.

Equity and Inclusion:

According to the 2020 Department of Human Services report, most Minnesotans living in deep poverty are White, primarily because they comprise nearly 80% of the state's population. Although Whites may make up the majority of individuals living in deep poverty, they also have the lowest rate of living in deep poverty (3.3%). This is in contrast to the 16% of American Indians and 13% of Blacks in Minnesota living in deep poverty, the highest rates of any racial group.

Cash assistance programs reflect Minnesota's racial and economic disparities. African Americans make up 33 percent of the MFIP caseload as compared to 7 percent of state residents.**Error! Bookmark not defined.** American Indians make up 6 percent of the caseload as compared to 1.4 percent of state residents.[1] Overall, people of color and American Indians make up 64 percent of the Minnesota Family Investment Program caseload as compared to 21 percent of state residents.**Error! Bookmark not defined.** In addition, at least 36

[28] Minnesota Department of Human Services, Minnesota Family Investment Program and Diversionary Work Program: Characteristics of Cases and People, December 2018

percent of families that turn to that program have a family member with serious health problems or a disability.[1] Women are more than 82% of the parents receiving MFIP assistance.**Error! Bookmark not defined.**

Homelessness disproportionately impacts people of color and American Indians in Minnesota as well. According to the most recent Wilder Research[29] report, African Americans make up 39% of homeless adults, while being only 6.8% of the overall state population. American Indians make up 8% of homeless adults, despite being only 1% of the statewide population. The provisions in this proposal, addressing some of the state's public assistance programs that assist people who are at risk of homelessness or deep, entrenched poverty, are intended at addressing some of these disparities moving forward.

Impacts to Counties:

Changing the EGA allocation so that statewide emergency periods are disregarding, should positively affect counties.

Impacts to Tribes:

At present, only one tribe administers Emergency General Assistance. The Emergency General Assistance provision would affect that participating tribe, but it is unlikely that it would have a fiscal impact them.

Results:

Clarifying Agency Error Overpayments

This will reduce administrative steps in doing case-by-case reviews without changing the outcome that households are not charged for errors they did not make.

Increasing the benefit amount for General Assistance

General Assistance serves some of the poorest people in the state. By increasing the benefit amount, which has not increased since 1986, and tying the amount to the Minnesota Family Investment Program single person assistance standard, the state will be able to measure if these changes have improved the general quality of life for program recipients.

Extending the window for General Assistance or Housing Support recipients to apply for Social Security disability benefits

The Department of Human Services will analyze if this change increases the number of applicants who are successfully able to connect with a Social Security advocate. In addition, DHS will analyze if this increases the number of successful applicants for Social Security disability benefits.

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[29] Wilder Research, Minnesota Homeless Study: http://mnhomeless.org/minnesota-homeless-study/reports-and-fact-sheets/2015/2015-homelessness-in-minnesota-11-16.pdf

IT Related Proposals:

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)		148,280	28,280	23,280	23,280	23,280
Total						
MNIT FTEs		148,280	28,280	23,280	23,280	23,280
Agency FTEs						

MNIT Cost information:

Amend Timeline Requirements for General Assistance and Housing Support Applicants To Apply for Other Benefits**:** These systems changes are estimated to require 251 hours of work, take approximately 2 months to complete, and cost of a total of $23,092 for initial development.

Addressing Deep Poverty for Single Adults: Align GA with MFIP:

Changes are required to the MAXIS system to implement alignment of the General Assistance (GA) community living benefit standard with the MFIP program and it's annual COLA increases**.** These systems changes are estimated to require 1,286 hours of work, take approximately 6 months to complete, and cost of a total of $125,188 for initial development.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		82	82	19,394	26,686	46,080
HCAF						
Federal TANF						
Other Fund						
Total All Funds		82	82	19,394	26,686	46,080

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	23	Increasing the Benefit Amount for General Assistance		0	0	19,378	26,670	46,048
GF	11	MNIT systems- MAXIS- 55% state share Extending Window for Applicants of General Assistance or Housing Support to Apply for Social Security Disability Benefits		13	13	3	3	6
GF	11	MNIT- MAXIS- 55% state share- Increasing the benefit amount for General Assistance.		69	69	13	13	26

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25

FY 2022-23 Supplemental Budget Change Item CF-71

Change Item Title: Addressing Homelessness for Minnesota Adults, Youth, and Families

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	35,000	37,119	37,119
Revenues	0	0	0	0
Other Funds				
Expenditures	0	105	119	119
Revenues	0	(105)	(119)	(119)
Net Fiscal Impact = (Expenditures – Revenues)	0	35,000	37,119	37,119
FTEs	**0**	**4**	**4**	**4**

Request:

The Governor recommends investing $35 million in FY 2023 and $74.238 million in FY 2024-25 from the general fund to increase base funding for the Emergency Services Program (ESP), Transitional Housing Program (THP), and Homeless Youth Act (HYA). This investment includes:

- $35 million in FY 2023 and $60 million in FY 2024-25 to increase base funding for ESP.
- $3 million in FY 2024-25 to increase base funding for THP.
- $11.238 million in FY 2024-25 to increase base funding for HYA.

The current annual base funding for these programs is $6.844 million for ESP, $3.184 million for THP, and $5.512 million for HYA. This investment will help support Minnesota adults, youth, and families experiencing

homelessness and help ensure that the state's network of emergency shelter providers has the resources it needs to serve this vulnerable population.

Rationale/Background:

Statewide, Minnesota counted 7,940 people experiencing homelessness on the night of the January 22, 2020 Point-in-Time count. Of these, 1,949 people were staying outside. This represents an 18 percent increase from 2019 and a 145 percent increase from 2014, the most dramatic increase for any homeless subpopulation. Half of all people counted statewide were in families (3,214) or unaccompanied youth under 25 (746). The number of people in families has declined (five percent) while the number of unaccompanied youth has increased (nine percent) since 2019.

All the components of this recommendation were based on extensive engagement with community providers, input received during regular monitoring and technical assistance visits, forums for people with lived experience (such as the weekly webinars hosted by the Interagency Council on Homelessness), and on-going meetings with local and Tribal government partners. These stakeholders have articulated the extreme pressures facing the state's emergency safety net, and the challenges these providers face in improving services to people experiencing homelessness in a public health informed manner.

Emergency Services Program (ESP) Under Strain

While the state's emergency shelter safety net was strained before COVID-19, pandemic-related increases in mental health and substance use disorders, extreme staffing challenges, and inflationary pressures have placed even greater strain homeless shelters' ongoing operations. At the same time, shelters are working to follow ever-evolving safety protocols and minimize the spread of COVID-19. Although data regarding unmet need for emergency shelter is challenging to collect, the triennial Wilder Homeless Study and HUD's annual Housing Inventory Count (showing shelter bed capacity in Minnesota) have repeatedly shown a steady increase in the estimated numbers of people experiencing homelessness in Minnesota who are unable to access emergency shelter. Using these two sources for the most recent year available (2018, pre-pandemic), the gap between need and available shelter beds was well over 9,100 households.

In addition to the ongoing strain of COVID-19 on emergency shelters, other systems of care such as mental health, substance use treatment, and health care have also faced extreme pressures on resources and service delivery. These pressures have widened the gaps that already existed for the most vulnerable persons experiencing homelessness, many of whom are unsheltered. Across the state, street outreach and shelter staff have repeatedly told Department of Human Services (DHS) shelter and housing staff that they are facing a tsunami of mental and physical health care needs that they are ill-equipped to meet, including discharges of medically-fragile persons to shelter. In some cases, COVID-protocols or extremely limited access to residential treatment have further increased the need for specialized services for persons staying in emergency shelter or unsheltered settings. While some shelters are able to provide limited case management, these services are frequently focused on meeting either pre-housing needs (such as obtaining IDs/documentation, benefits navigation, etc.) or on housing search and placement.

With minimal state investment, emergency shelters have historically been understaffed with high participant-to-staff ratios. As a result, many agencies rely on volunteers with limited training and/or contract with security companies rather than trained service professionals. In addition**,** wages at emergency shelters were already lagging behind other human service settings, and statewide workforce shortages have meant shelters are losing staff to higher paying or lower-demand jobs, including in retail and service industries.

Increased Support for the Transitional Housing Program (THP)

In the 2018 Minnesota Homeless Study, 32% of those experiencing homelessness were children (17 or younger) living with their parents. For young children, homelessness means additional strain on academic and social well-being.

- 46% of parents experiencing homelessness reported that at least one of their children had to change schools because of their housing situation.
- 43% of parents reported at least one of their children had learning problems that required additional services.[5]

In addition, toddler and infant children experiencing homelessness encounter an increase in adverse risks[30] that can have a negative impact on brain development. Brain development for children in infancy and toddler stages provides the building blocks for learning, health and behavior[31] that will affect their ability to navigate various challenges they will face later in life.[32] The negative impacts of homelessness can be reduced through participation in early childhood education programs.[33]

Relative to proportions statewide, people identifying as African American or American Indian are notably overrepresented in the homeless population. Racist and discriminatory economic and housing policies, along with generational poverty, continue to play a role in the overrepresentation of African American and American Indian people in the homeless population.[5]

THP provides rental subsidies and supportive services to homeless individuals and families to attain and maintain permanent, stable housing. With an increase in THP funding, the adverse effects of being homeless can be addressed to end the cycle of homelessness. An increase in THP funding would also support culturally specific transitional housing units and programming, which should result in a reduction in racial disparities in access to housing.

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[30] https://www.cdc.gov/violenceprevention/acestudy/index.html

[31] https://developingchild.harvard.edu

[32] https://www.ncbi.nlm.nih.gov/pubmed/25077268

[33] http://nche.ed.gov

[5] http://mnhomeless.org/minnesota-homeless-study/homelessness-in-minnesota.php

Increased Needs for Homeless Youth Act (HYA) Funding

According to 2018 Minnesota Homeless Study, an estimated 13,300 youth (7,500 age 18-24, and 5,800 age 17 or younger) who are on their own, experienced homelessness at least once over the course of a full year.[34] Wilder also estimates that on any given night in MN there is an estimated 4,876 youth experiencing homelessness. This includes an estimated 1,659 minors age 17 and under and 3,217 young adults ages 18 through 24.

A national study newly released by Chapin Hall and Howard University state that, "*Young Adults reported alarming levels of housing insecurity during the pandemic, with greatest hardships experienced by Black and Hispanic young people."*[35]

While HYA currently funds prevention activities within the context of outreach and drop-in programs, it is clear that the pandemic has increased the need for focusing on robust prevention efforts. One of the six recommendations that came from the Chapin Hall and Howard University report was to *prioritize youth homelessness prevention*. The report concludes, "*Without adequate investments in prevention, high rates of young adults face housing insecurity….have the potential to lead to growing levels of young adult homelessness*." Prevention efforts are the most impactful when they are available during the onset of need coupled with flexibility and people-centered supportive services. HYA funds are flexible in nature, grantees receiving these funds are youth providers who specialize in working with youth and are well positioned to support youth needing homelessness intervention services and prevention support.

Data from the Wilder Research shows that one-third (35%) of youth experiencing homelessness are parents, and about one-quarter (26%) have at least one child with them.

- Twelve percent of homeless youth who are parents spent at least one night on the streets with their child/ren.
- Thirty-five percent stayed outside without their child/ren.
- Homeless youth who are parents tend to be homeless longer than their single youth peers (60% of parenting youth had been homeless at least a year, compared to 42% of non-parenting youth)[36].

While HYA currently supports parenting youth and young adults experiencing homelessness, the services and support currently provided is not necessarily specialized or targeted to meet the unique needs of parenting youth. With the proposed increase, parenting youth and young adults experiencing homelessness will be provided with targeted support and housing assistance with an understanding of the intersectionality of

[34] https://www.wilder.org/sites/default/files/imports/2018_HomelessnessInMinnesota_3-20.pdf

[35] https://www.chapinhall.org/wp-content/uploads/Untold-Stories-Final-Report.pdf

[36] http://mnhomeless.org/minnesota-homeless-study/reports-and-fact-sheets/2015/2015-homeless-youth-4-17.pdf

parenting and homelessness. Funds would allow for a holistic approach to meeting their needs thus possibly interrupting inter-generational homelessness.

HYA currently funds supportive housing offered through a variety of models including, congregate settings, host homes, and scattered-site housing in apartments. In addition, housing may be time-limited in design (e.g., transitional housing or rapid re-housing models), or non-time limited (e.g. permanent supportive housing models). HYA also funds the supportive services in the Housing programs ensuring youth receive youth centered support. From 2018-2021 HYA funded 704 units of housing for youth across the state of Minnesota.

Below is a summary of data (Housing outputs and outcomes) collected from the period July 1, 2018 – June 30, 2020.

- **There were 1,123 unduplicated youth heads of household served in housing.**
- 411 of the 693 youth who exited the housing program during the reporting period moved into stable housing upon exit.
- 820 youth were connected with employment-related services.
- 15 percent of those served obtained employment during the reporting period.

One of recommendations from the Chaplin Hall and Howard University national study is to significantly expand and evaluate substantial, ongoing low barrier housing resources (such as housing vouchers, rental assistance and supportive housing) combined with youth-centered supportive services, especially to populations of young people with the greatest levels of need and racial disparities."[37]

The data gathered from HYA funded providers shows that youth in HYA funded supportive housing programs had favorable outcomes in terms of housing stability as well as employment/income. However, the need for youth specific housing continues to grow, especially now due to the grave effects of the pandemic. The proposed increase would allow for additional low barrier youth housing units, coupled with youth-centered supportive services.

Proposal:

This proposal invests $35 million in FY 2023 and $74.238 million in FY 2024-25 to increase base funding levels for ESP, THP, and HYA. All funding increases proposed in this recommendation would be distributed as grants through a competitive Request for Proposals process.

Emergency Services Program Increase:

This proposal includes $35 million in FY 2023 and $60 million in FY 2024-25 to increase base funding for ESP. ESP began in 1997 and until the current biennium received less than a million dollars in base funding to operate

[37] https://www.chapinhall.org/wp-content/uploads/Untold-Stories-Final-Report.pdf

shelter and services statewide. Even with a recent base funding increase of $6 million per year that was approved by the legislature during the 2021 legislative session ESP is only able to fully fund approximately 5 percent of all shelters beds statewide. As a result, emergency shelter providers statewide continue to be dependent on increasingly insufficient revenues from religious and civic groups, private philanthropy, local governments, and other sources. This additional investment will both support increased operations costs (wages, food and supply costs, increased compliance and regulations, etc.) and also allow additional capacity and enhanced services to be developed or sustained.

Currently, DHS funds 53 emergency services providers with state ESP appropriations. Average grant awards are just over $258,000. Two FTEs administer a combined total of 68 grants for both state ESP and federal Emergency Shelter Grants. These staff also support policy work on emergency shelter, monitor shelter grant recipients and provide technical assistance whenever possible.

This investment includes $320,000 in FY 2023 and $732,000 in FY 2024-25 for 3 FTEs at DHS to administer the new ESP grant funding, provide technical assistance and training, and offer statewide shelter policy support. This proposal also includes one FTE in DHS' Background Studies Division that will be paid for with revenue generated from background studies fees.

Transitional Housing Program (THP) Increase*:*

This proposal includes $3 million in FY 2024-25 to increase base funding for THP. Forty-three (43) Grantees were funded for the 2022-2023 biennium, with an average award of $148,000. Grantees include non-profits, local units of government, and Tribal Nations. During the 2020-2021 biennium, 2,212 individuals in 884 households received transitional housing in programs funded by THP. With the increased THP funds, current and new grantees, who are located throughout the state of Minnesota, will be able to receive an increase in funds or a new grant to support families and individuals who are experiencing homelessness. The size of the grants will vary and depend on each applicant's request, which is determined through an evaluation of the community's needs and access to other available funding resources.

In March 2021, DHS published a Request for Proposals (RFP) to provide services through the Homeless Assistance Grants, which included THP. As a result, DHS received 68 applications from non-profits, local units of government, and Tribal Nations from around the state of Minnesota, for Rapid Re-Housing/Scattered-site Transitional Housing and Site-Based Transitional Housing activities, totaling over $23 million in financial requests. These activities are currently funded with one or more available funding sources through DHS totaling $14,408,193, which highlights a $9,019,369 gap in funding for rapid re-Housing/scattered-site transitional housing and site-based transitional housing activities based on applications received for the 2022-2023 biennium.

This proposal will compliment, as well as increase and improve, the work that is currently being implemented by THP grantees. During SFY 2019-2021, 597 families were served through THP and 1,168 were clients under the age of 18. The increased THP funds would:

- Expand supportive services to prevent on-going generational homelessness through increased focus on supporting Whole Family Programming. Whole Family Programming would develop services for adults

and young children by increasing opportunities to address the needs of early childhood development in children and developing partnerships with existing early childhood programs located in the community.

- Increase culturally specific transitional housing units and programming/services. Culturally specific housing units and services would begin to address the racial disparities among those who are homeless, including improving access to housing and engagement in support services.

Homeless Youth Act Program (HYA) Increase:

This proposal includes $11.238 million in FY 2024-25 to increase base funding for HYA. For the 2022-2023 biennium, 38 Grantees were awarded HYA funds with an average award of $290,105. Grantees include non-profits, local units of government, and Tribal Nations. HYA funds are highly flexible and this proposal would complement the work that is already taking place to support youth experiencing homelessness in the continuum of services provided.

In March 2021, DHS published a Request for Proposals (RFP) to provide services through the Homeless Assistance Grants, which included funding for the Homeless Youth Act Grant. As a result, OEO received 68 applications from non-profits, local units of government, and Tribal Nations from around the State. There was over $30 million in financial requests for HYA funds, and a total of $11.024 million was distributed. This highlights a gap of over $19 million in funding, based on applications received for the 2022-2023 biennium.

In light of this gap, the proposed HYA increase would enhance the support provided to youth and young adults in the following ways:

- Provide prevention support for youth and youth households needing assistance.
- Increase the number of housing units for youth experiencing homelessness.
- Provide targeted support and housing assistance for young parents (under age 25) who are parenting and with their children.

Impact on Children and Families:

While there is a growing awareness of family homelessness in Minnesota, most people still imagine emergency shelters as places where single adults escape from the cold. Despite this, children and youth continue to make up over a third of the homeless population in the state, making it absolutely essential that we invest in providing the most supportive, trauma-informed shelter possible while staff work to connect families with permanent housing.

Family shelters strive to provide as much stability and whole family services as staffing and funding allow, including social and emotional education, enrichment activities, care coordination and connection with early childhood and other educational supports. When combined with employment and housing search, these efforts can have a huge positive impact on a family's trajectory as they regain housing stability, but they require significant investments of staff time and low family to staff ratios.

Both the Homeless Youth Act and Transitional Housing Program increases are targeted toward families and children.

Equity and Inclusion:

Homelessness results from the intersectionality of multiple, systemic shortcomings marginalizing subsets of the population. Socioeconomic disparities and discrimination based on racial and ethnic identity, sexual orientation and/or gender identity, and ability status impact the composition of the state's homeless population. The impact of disparate treatment and access to opportunities manifests in many ways—one being the experience of homelessness.

Indigenous communities and people of color remain vastly over-represented among those experiencing homelessness. The majority of people experiencing homelessness (62 percent) statewide in 2020 identified as Black, Indigenous, or People of Color. Systematic racist policies and practices created and continue to fuel the inequities in those who experience homelessness. The transformational and targeted investments in this proposal will cement the state's commitment to housing, racial, and health justice for people experiencing homelessness.

As detailed in the most recent Wilder Research report, racial disparities remain persistent across the state of Minnesota—most notably among the African American and American Indian populations. African Americans make up 37% of homeless adults, while being only 6% of the overall state population. American Indians make up 12% of homeless adults, despite being only 1% of the statewide population. Statewide statistics also highlight the representation of individuals identifying as LGTBQ among those experiencing homelessness. More specifically, 11% of homeless adults and 22% of young adults (age 18-24) self-identified as LGTBQ. Finally, while older adults (age 55+) constitute the smallest age cohort of those experiencing homelessness (10%), data suggest that homelessness among older adults is on the rise: Homelessness among this age group increased 25% between 2015 and 2018 – a larger increase than any other age cohort.[38]

Having communities and dedicated staff engaging with people where they're at – in the field – on a person-to-person level is key to dismantling some of the structural racism that has led to the racial disparities in the state's homeless population.

Impacts to Counties:

Counties would be eligible entities to apply for all funding included in this proposal. This proposal will only require additional work to counties who apply and are funded through the RFP. Geographic distribution of funding is a strong consideration in allocating these funds in order to distribute impact statewide.

[38] Wilder Research (2020). http://mnhomeless.org/minnesota-homeless-study/reports-and-fact-sheets/2018/2018-homelessness-in-minnesota-3-20.pdf.

Impacts to Tribes:

Tribal Nations would be eligible entities to apply for all funding included in this proposal. This proposal will only require additional work to Tribal Nations who apply and are funded through the RFP. The THP funding increase specifically targets culturally specific organizations and programs, which includes Tribal Nations and non-profit organizations that serve the Native American population.

Results:

Emergency Services Program (ESP) Increase:
The state has historically underinvested in emergency shelter, leaving most shelters with minimal resources for program evaluation and reporting. With high staff/client ratios, and limited administrative capacity, director-level staff are sometimes left to enter data into the state's HMIS system while staff prioritize services and participant engagement. Because of these factors, the state has traditionally required only the minimal amount of outcome reporting from shelters. However, as funding increases for emergency shelter and providers build corresponding increased capacity, DHS has begun consulting with stakeholder groups on how to increase the outcome reporting for emergency shelters in ways that enhance and do not detract from services and client engagement. With the data that shelters do currently collect, DHS anticipates that new shelter beds will be created, the safety of existing shelters will be improved, and enhanced services and staffing levels should result in improved housing outcomes for people entering and exiting shelters. Based on data currently available, DHS projects that this investment in ESP, when considered in tandem with the governor's capital budget request for emergency shelter facility construction, renovation, and improvement, would result in:

- Over 7,000 additional people getting access to emergency shelter, services, and supports
- At least 2,750 additional families with children getting access to emergency shelter, services, and supports
- At least 560 new shelter units will be acquired or brought online, in addition to improvements in the quality and safety of existing facilities and the services provided

Transitional Housing Program Increase:
Minnesota's Homeless Management Information System (HMIS), a web-based database administrated by The Institute for Community Alliances (CA), is used by over 220 homeless service organizations across the state of Minnesota to collect client-level data on households experiencing or at risk of homelessness. For THP, most grantees are required to submit two HMIS reports that measure a grantee's performance. The two reports are the MN Core Homeless Programs report and the HYA-THP Follow-up Summary Detail report. The MN Core Homeless report provides demographics, outcome summaries, and income details on those served by THP. The HYA-THP Follow-up Summary Detail report provides follow-up services and the outcome status of those who have exited from THP.

The data below represents participants served by 47 THP Grantees during the SFY2020-2021 from July 1, 2019 to June 30, 2021:

- THP serves Singles and Families; 35% of THP participants were 25 years old or older; 11% of THP participants were ages 18-24; and 53% of THP participants were under 18 years old.
- 37% of THP participants identify as 36% Black or African American, 10% American Indian, 15% Multiple Races, less than 1% Asian and Native Hawaiian or Other Pacific Islander; and 11% Hispanic/Latino.
- 54% of the Adults/Head of Households enrolled in THP report having a serious mental illness disability and 18% of the Adults/Head of Households enrolled in THP report having a substance abuse disorder.
- Among Head of Households who identify as White, 15% exited to Temporary Destinations, 77% exited to Permanent Destinations, and 8% exited to Other Destinations. Among participants who identify as Black, American Indian, or a Person of Color, 20% exited to Temporary Destinations, 72% exited to Permanent Destinations, and 7% exited to Other Destinations.

Based on the data above, THP effectively supports single adults and families who have experienced homelessness with obtaining and maintaining housing as well as transitioning to permanent housing, which achieves the program's goal of ending and preventing homelessness. Increased funding will support expanded supportive services to prevent on-going generational homelessness and enhance culturally specific transitional housing units and programming. Culturally specific housing units and services would begin to address the racial disparities among those who are homeless.

Homeless Youth Act (HYA) Increase:

HYA data is collected through semi-annual and annual report submissions by grantees of Homeless Youth Act funding. Aggregated data on drop-in center and outreach program activities is collected via Excel spreadsheets, and data on housing and shelter activities is collected through reports generated from the Homeless Management Information System (HMIS). The Institute on Community Alliances (ICA) is the statewide HMIS administrator and produces the aggregate HYA reports for DHS. The HMIS reports include demographics, exits and outcomes.

Data below is from HYA funded shelter and housing programs from the time period of July 1, 2018-June 30, 2020.

- **1,123 unduplicated youth heads of household were served in housing.**
- **1,051 unduplicated youth were served in shelter.**
- 614 youth served in shelter were connected to education-related support services, and 631 were connected with employment-related support services.
- 662 youth served in shelter were assisted in connecting and building a relationship with a family member or other positive, supportive adult.
- 411 of the 693 youth who exited the housing program during the reporting period moved into stable housing upon exit.
- 9,743 unduplicated youth visited drop-in programs.

- 6,679 unduplicated youth were served during outreach.

Increased funding for HYA will allow providers to enhance prevention support for youth and youth households needing assistance, increase the number of housing units for youth experiencing homelessness, and provide more resources for targeted support for young parents (under age 25) who are parenting and with their children.

IT Related Proposals:

N.A.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		35,000	35,000	37,119	37,119	74,238
HCAF						
Federal TANF						
Other Fund						
Total All Funds		35,000	35,000	37,119	37,119	74,238

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	Children and Families Admin (3 FTE)		320	320	366	366	732
GF	Rev1	CFS Admin FFP @ 32%		(102)	(102)	(117)	(117)	(234)
DED	Rev1	Operations-BGS Fees		(105)	(105)	(119)	(119)	(238)
DED	11	Operations-BGS Admin		105	105	119	119	238
GF	47	Children and Economic Support Grants - Emergency Services Program		34,782	34,782	29,751	29,751	59,502
GF	47	Children and Economic Support Grants - Transitional Housing Program				1,500	1,500	3,000
GF	47	Children and Economic Support Grants - Homeless Youth Act				5,619	5,619	11,238

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	Children and Families Admin (3 FTE)		3		3	3	
DED	11	Operations Admin (1 FTE)		1		1	1	

FY 2022-23 Supplemental Budget Change Item CS-54

Change Item Title: Supporting Transitions to Stable Housing CS-54

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures 0		2,959	3,858	16,967
Revenues 0		0	0	0
Other Funds				
Expenditures 0		0	0	0
Revenues 0		0	0	0
Net Fiscal Impact (Expenditures – Revenues)		2,959	3,858	16,967
FTEs		**1**	**3**	**13**

Request:

The Governor recommends new and continued investment in the state's programs to address the crisis of homelessness and housing instability. This proposal invests $2.959 million in FY2023, $3.858 million in FY2024, and $16.967 million in FY2025. The proposal is two-part:

First, it extends temporary funding the state accessed through enhanced Home and Community-Based Services (HCBS) Federal Medical Assistance Percentage (FMAP) in the 2021 legislative session. The following increases and expansions from the 2021 session are made permanent under this proposal:

- Funding for Housing Transition Services through the Housing Stabilization Services Medicaid benefit to allow funds to be used for payments of up to $3,000 per person annually to cover costs associated with moving to a community setting that are not covered by other sources.
- Increased investment and flexibility with the state's Community Living Infrastructure Program at $11 million per year for counties and tribes to integrate housing into human services work; and

- Sustaining investment in the Housing Stabilization Services eligibility staff positions as well as staff for the Department of Corrections/Department of Human Services Joint Initiative.

Second, beginning in FY2023, the proposal invests new funding for the following initiatives:

- Funding for the Homelessness Management Information System (HMIS), the database supporting programs from multiple agencies serving people experiencing homelessness;
- Funding for a full-time stakeholder engagement position for the Housing and Support Services Division;
- Conducting a survey of the homelessness and housing stability workforce statewide; and
- Investing in a state match for the AmeriCorps Heading Home Corps Program.

Please check as many boxes as apply to the budget request:

☐ Submitted by World Class Education Workgroup

☐ Submitted by Equitable Economy Workgroup

☐ Submitted by Access to Health Care Workgroup

☒ Submitted by the Interagency Council on Homelessness

☐ Submitted by Criminal Justice Reform Workgroup

☐ Submitted by the Climate Change Subcabinet

☐ Identified through Public Input

☐ Identified as a Priority during Tribal Consultation

☐ Contributes towards the state's progress of reducing greenhouse gas emissions, or impact resiliency to a changing climate

Rationale/Background:

Homelessness is a crisis impacting communities across the state. According to findings from the 2018 Minnesota Homeless Study's one-night count, an estimated 19,600 Minnesotans experienced homelessness on any given night in 2018, 50,600 experienced homelessness over the course of the year.[39] The 2020 HUD Point-in-Time Count found that Minnesota ranks in the top ten states for increases for homelessness among individuals and for people staying outside.[40] Homelessness, a significant issue before COVID-19, was made worse since the start of the pandemic in early 2020.

People experiencing homelessness are at high risk for COVID-associated morbidity and mortality because of the congregate nature of many living settings, like shelters.[41] In addition, people experiencing homelessness are hospitalized and require ICU-level care at higher proportions than their housed counterparts. This is especially true for those who are unsheltered; people who are unsheltered are 10 times as likely to require hospitalization and 7 times as likely to require ICU-level care as Minnesotans in general (who are diagnosed with COVID).

The State of Minnesota needs a wide range of resources with which to address the humanitarian and public health crises of homelessness and housing instability. It is critical that the state continue the significant investments in housing programs made by possible by federal funding and the 2021 Minnesota Legislature, and to continue building on that work with new resources. With these combined investments, the state has the valuable opportunity to make a transformational difference in the lives of people across the state.

Proposal:

This proposal includes measures to build on existing, temporary investments made possible by enhanced federal funding and recommends new investments to bolster the state's response to homelessness and housing instability.

Building on Existing, Temporary Investments:

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[39] Wilder Research, 2018 Minnesota Homeless Study: https://www.wilder.org/sites/default/files/imports/2018_HomelessnessInMinnesota_3-20.pdf

[40] U.S. Department of Housing and Urban Development, Office of Community Planning and Development. "The 2020 Annual Homeless Assessment Report to Congress." https://www.huduser.gov/portal/sites/default/files/pdf/2020-AHAR-Part-1.pdf

[41] Centers for Disease Control and Prevention. "People Experiencing Homeless." (Updated July 3, 2021): https://www.cdc.gov/coronavirus/2019-ncov/need-extra-precautions/homelessness.html

In 2021, the federal government authorized temporary funding for activities to enhance, expand, and strengthen the home and community based service system. This included a wide range of activities, including investments in housing and homelessness. With that opportunity, the Minnesota Legislature passed legislation allowing these expanded services from FY2022 to FY2024. While the funding will help over the FY2022-FY2024 period, the critical need for these services extends beyond FY2024. This proposal seeks to continue these investments in the future. The investments include:

1) Housing Transition Services

The 2021 legislature passed language that temporarily allows the Housing Stabilization Services Medicaid benefit to include transition payments of up to $3,000 per person, per move, allowable once a year, to cover costs associated with moving to a community setting that are not covered by other sources.

The Housing Stabilization benefit, governed by Minnesota Statutes, Chapter 256B.051, supports low-income Minnesotans on Medical Assistance with a documented disability or disabling condition who are also homeless, or at risk of homelessness. Covered costs for the transition services include: 1) lease or rent deposits; 2) security deposits; 3) utilities setup costs, including telephone and Internet services; and 4) essential furnishings and supplies. These services are critical for people trying to move into the community, but who may not have the resources to help with the additional costs associated with moving.

This proposal continues the transition services for people at-risk of housing instability when the authorizing language expires in March 2024 and requires a state appropriation of $320,000 in FY2024 and $1.978 million in FY2025.

2) Community Living Infrastructure Program

The legislature directed $26 million of temporary federal funds to the state's Community Living Infrastructure Program for use between FY2022-FY2024. The Community Living Infrastructure Program, which began in 2018, supports counties and tribes that are integrating housing into their human services infrastructure. The grant supports the housing-related needs of people with disabilities, or other individuals who face significant barriers in transitioning into community living, including individuals who have experienced homelessness.

With the temporary expansion of the program, grants may be used to provide direct assistance to individuals, including: 1) lease or rent deposits; 2) security deposits; 3) utilities setup costs, including telephone and Internet services; 4) essential furnishings and supplies; and 5) costs related to expungement, including filing fees and attorney fees.

These activities are in addition to the existing activities covered by the Community Living Infrastructure program, which include:

- Outreach and education about housing for individuals who are homeless or in institutions or other facility stays;
- Housing resource specialists to assist and educate individuals, family members, providers, advocates, and human service professionals about housing resources and opportunities in their region; and

- Administration and monitoring of the Housing Support program by counties or tribes

State staff have heard repeatedly from existing grantees and interested applicants that there is real need for this enhanced Community Living Infrastructure funding to do housing work on the local level. That need will continue beyond March 31, 2024. This proposal would continue an appropriation of $11 million per year for the Community Living Infrastructure Program beginning in FY2025.

3) Sustaining Housing Stabilization Services Eligibility and Joint Initiative Staffing Levels

Two programs received temporary funding in the 2021 session to support hiring staff to do crucial work: Housing Stabilization Services and the Department of Corrections and Department of Human Services Joint Initiative.

Housing Stabilization Services Eligibility Staff: The Housing Stabilization benefit, governed by Minnesota Statutes, Chapter 256B.051, supports low-income Minnesotans on Medical Assistance with a documented disability or disabling condition who are also homeless, or at risk of homelessness. The Department of Human Services conducts eligibility determination and authorization of the Housing Stabilization Services benefit. Since the Housing Stabilization Services became available in July 2020, the state has experienced a much higher volume of applications than was originally anticipated. As the number of applications increase, the application processing time has increased. This processing time is an issue, especially for a critical program that supports people who are homeless, or at risk of homelessness.

The 2021 Legislature approved funding for seven staff and one supervisor position for the Housing Stabilization Services eligibility team, but that funding is temporary.

Joint Departmental Initiative Staffing: The Joint Departmental Initiative is a collaboration between the Minnesota Department of Corrections and the Department of Human Services aimed at assisting people re-entering the community after a release from a Minnesota Correctional Facility. The program began in 2017 as a pilot project and was initially funded through the Minnesota Statewide Initiative to Reduce Recidivism, an effort funded through a grant to the Department of Corrections from the U.S. Bureau of Justice. The program continues to be funded jointly by the Department of Corrections and Department of Human Services.

The Initiative funds one staff member at DHS who works with individuals identified to be at high risk or very high of recidivism in applying for public assistance benefits, upon their release from a Correctional Facility. The temporary funding from the 2021 Minnesota Legislature provided resources to hire two additional staff. These services are critical, as a quarter of all program participants were homeless at the time of their incarceration, and one out of every four participants experienced homelessness within a month of release. In the four years since the Initiative began, DHS has found that the need for these types of re-entry service far exceeds the capacity of one staff person. Continuing to fund the two new staff positions are needed to address the high needs of the program recipients.

New Opportunities for Investment:

1) Ongoing State Investment in the Homeless Management Information System

Over the years, the state has not consistently contributed funding towards the Homeless Management Information System, the database supporting programs from multiple agencies serving people experiencing homelessness. This lack of consistency has put pressure on other funding sources such as regional Continuums of Care and service providers. The Homeless Management Information System is important because it allows the state and other partners to use data to track progress and determine the best ways to target resources to meet the needs of people facing homelessness in Minnesota.

This proposal covers the operation of the Homeless Management Information System and also supports data integration efforts needed to expand the state's use of the system and to address important deferred system design and modernization efforts.

2) Investment in a Stakeholder Engagement Position for the Housing and Support Services Division

This proposal includes funding for a dedicated staff position in the Housing and Support Services Division to lead stakeholder engagement efforts. As the Division is looking at ways to improve programs and make them more equitable to the people who receive services, there is a need for greater capacity to engage with county and tribal partners, providers, and program recipients.

3) State Match Investment in the AmeriCorps Heading Home Corps Program

Effective July 1, 2022, this proposal appropriates $1.1 million as grant funding per year in fiscal years 2023, 2024 and 2025 to cover Minnesota's match for the AmeriCorps Heading Home Corps program.

AmeriCorps is an existing national program, but the Heading Home Corps is a new service program that launched in the summer of 2021 with fiscal support from the federal Corporation for National and Community Service. At present, there are 40 sites statewide for Heading Home Corps members, including Compassion House in Detroit Lakes, Hope4Youth in Anoka, Neighborhood House in St. Paul, and Catholic Charities in St. Cloud, among many others.

ServeMinnesota has secured three years of federal funding to support the launch of the Heading Home Corps. The funding supports up to 100 AmeriCorps members each year and totals $7.3 million in federal funds, including the AmeriCorps education scholarships of $630,000 available to AmeriCorps members to pay back student loans or further their education. ServeMinnesota needs to secure local, state match funding to support members in the field. If local match funds are not secured for future years, ServeMinnesota will not be able to run the program unless the host sites (organizations) are charged a fee. Charging this fee would prevent equitable access to organizations who may be unable to pay.

4) Funding for a Workforce Study on Minnesota's Homelessness and Housing Stability Workforce

Lastly, this proposal includes funding for the Department of Human Services to contract with a third party to survey and study workforce information, including average wage, benefits, etc. for workers in emergency shelters, transitional housing, street outreach and site-based housing for long-term homeless supportive services programs. This study is needed in order to assess the workforce for these vital services and determine future solutions to workforce challenges.

Impact on Children and Families:

This proposal aligns with the administration's priorities for children and families by providing services during a housing crisis, which can be caused and/or amplified by financial, mental/physical health, or other challenges.

The 2018 Minnesota Homeless Study conducted by Wilder Research found that close to one-third of individuals experiencing homelessness (3,265) were children (17 or younger) living with their parents.[42] The research shows, too, that homelessness does not just impact where the child will sleep at night. Homelessness often contributes to challenges with academics and social well-being for this population of children, as well, with 46% needing to change schools because of housing, and 43% having learning problems that require additional services.[43] The comprehensive funding in this proposal is intended to support all Minnesotans, including children and families, experiencing homelessness and housing instability.

Equity and Inclusion:

This proposal is an important response in advancing racial equity. Minnesota's homeless population is disproportionately African American and American Indian. While African Americans comprise 6.8% of the general population in Minnesota, they represented about 42% of the homeless adults on public assistance in December 2019. American Indians are 1.1% of the general population in Minnesota but were 15% of the homeless adults on public assistance in December 2019.

Moreover, the COVID-19 pandemic has disproportionately harmed low-income Minnesotans and Minnesotans of color. People who identify as Black, Indigenous or People of Color represent two-thirds (67%) of positive cases among people experiencing sheltered and unsheltered homelessness. In addition, among Minnesotans experiencing homelessness, 32% of individuals identifying as white are fully vaccinated, compared to 20% of individuals identifying as Black or Hispanic.

Devoting a broad range of resources to working on different facets of homelessness and housing instability is crucial to addressing these inequities in the state's system.

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[42] Wilder Research, "Homeless in Minnesota: Detailed Findings from the 2018 Minnesota Homeless Study," http://mnhomeless.org/minnesota-homeless-study/reports-and-fact-sheets/2018/2018-homelessness-in-minnesota-3-20.pdf

[43] Wilder Research, "Homelessness in Minnesota: Detailed Findings from the 2018 Minnesota Homeless Study," http://mnhomeless.org/minnesota-homeless-study/reports-and-fact-sheets/2018/2018-homelessness-in-minnesota-3-20.pdf

Impacts to Counties:

This proposal provides additional potential resources for counties through the Community Living Infrastructure Program, and added local capacity for county's existing housing work through the Heading Home Corps Program.

Impacts to Tribes

This proposal provides additional potential resources for tribes through the Community Living Infrastructure Program and added local capacity for tribe's existing housing work through the Heading Home Corps Program.

Results:

Housing Transition Services

Housing Transition Services is a new benefit that will be available to eligible Minnesotans to help them with moving or related expenses. It is too soon for any comprehensive results, but the Housing and Support Services Division is working with its Data Team to better understand the outcomes from this new service.

Community Living Infrastructure Program

In FY2020, the Community Living Infrastructure Program grantees served nearly 10,000 households through outreach, housing resource specialist services, and the expansion of the Housing Support program. With a significant increase in funding available, and a broader array of allowable activities through the grant, the Housing and Support Services Division anticipates a major increase to the number of Minnesotans served by this program. To track and analyze the results, the state requires quarterly reporting from grantees and annual reviews. That data will enable Division staff to fully assess the success of the program

Heading Home Corps

The Heading Home Corps is a new program, managed by ServeMinnesota, the state's administrator for federal AmeriCorps funds. ServeMinnesota already administers 16 other AmeriCorps programs with about 2,000 volunteers and receives funding from the federal Corporation for National and Community Services. The organization complies with a number of federal reporting requirements, tracking the progress of the program. ServeMinnesota will be tracking both quantitative and qualitative data by focusing on the following metrics:

- Number of individuals for whom individualized goal setting has been completed;
- Number of individuals who have successfully connected to necessary services, treatments and supports,
- Number of individuals who have obtained direct housing resources, such as subsidized housing, housing vouchers, and/or necessary documentation for housing, and;
- Survey data indicating participant's satisfaction with their housing, employment, and health conditions after receiving services.

The Heading Home Corps has also been formally approved by the Homeless Management Information System Policy and Prioritization Committee to conduct an end-of-year data match to obtain demographic data for

Homeless Management Information System-participating agencies to reduce the data collection burden as much as possible for program participants.

IT Related Proposals:

This proposal does not have an IT impact.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	2,959	2,959	3,858	16,967	20,825
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	0	2,959	2,959	3,858	16,967	20,825

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	33AD	MA State Cost Basic FFS	0	0	0	109	676	785
GF	33ED	MA State Cost Family with Children/Elderly & Disabled MC	0	0	0	153	946	1,099
GF	33AD	MA State Cost Adult MC	0	0	0	58	356	414
GA	56	Community Living Infrastructure Program	0	0	0	0	11,000	11,000
GA	15	Housing Stabilization Services – Eligibility Staff	0	0	0	172	950	1,122
GF	15	Housing Workforce Study	0	276	276	286	0	286
GF	15	Housing Division Stakeholder Engagement Position	0	105	105	119	119	238
GF	15	DOC/DHS Joint Homelessness Prevention Initiative	0	0	0	67	239	306
GF	56	AmeriCorps Heading Home Corps Program grants	0	1,100	1,100	1,100	1,100	2,200
GF	15	Homeless Management Information System	0	1,600	1,600	2,000	2,000	4,000
GF	REV1	FFP	-	(122)	(122)	(206)	(419)	(625)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
				1		3	13	

FY 2022-23 Biennial Budget Change Item OP-62

Change Item Title: Continuous Improvement and Compliance Expansion

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	1,500	1,650	1,650
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	1,500	1,650	1,650
FTEs	**0**	**19**	**19**	**19**

Request:

The Governor recommends $1.500 million in FY 2023 and $1.650 million starting in FY 2024 and each year thereafter. The funding will be used to invest in continuous improvement resources to improve business processes that will increase efficiency and reduce waste as well as to address gaps in centralized business functions that are contributing to audit findings. This request includes seven continuous improvement staff, ten contract compliance staff and two audit staff. This investment will allow DHS to meet the increasing internal demand for continuous improvement expertise and to staff critical internal control functions.

Rationale/Background:

DHS serves the State of Minnesota's most vulnerable citizens in an environment of increasing demand for services, increasing programmatic complexity, and changing technological requirements.

DHS has an annual budget of over $22 billion and serves approximately 1.5 million Minnesotans. Federal laws related to Medicaid and other human services programs are complex, and the Department is frequently required to make adjustments to conform to changes in state laws, federal regulations and guidance. DHS works to ensure that state and federal taxpayer dollars are spent efficiently and in compliance with state and federal laws. The Department promotes continuous improvement and accountability across essential human services in all 87 counties and 11 Tribes across the state.

Over the last few years, DHS and regulators have identified and brought forward a number of payment errors and compliance issues related to various programs operated by the Department. In March 2021, the Office of the Legislative Auditor (OLA) released a special review of Behavioral Health Grants Management finding that DHS' internal controls were not adequate and that DHS did not comply with requirements. In 2019, the OLA released a special review of Payments for Self-Administered Opioid Treatment Medication that found DHS made payments without legal authority and without the processes and rationale for decisions documented. In many cases, these errors started well before the current administration. DHS is taking steps to correct errors and improve process controls to ensure that services and programs are in compliance with state and federal laws. In evaluating processes and working to resolve these issues, DHS has determined there is a critical need for additional resources to further strengthen continuous improvement and internal control efforts and to ensure that DHS continues to be good stewards of taxpayer dollars.

Proposal:

This proposal addresses immediate and critical needs by increasing the capacity of the continuous improvement, contract compliance, and internal audit functions. This increased capacity will be used to expand and improve internal controls and increase process efficiency for the people and taxpayers the agency serves.

Strengthening Continuous Improvement (7.0 FTEs)

Effective business process management allows for consistent process documentation and increased transparency – both of which are needed for continuous improvement, modernization, and compliance efforts throughout DHS. Currently, there is no DHS-wide business process management program or software to actively manage the agency's increasingly complex business processes. Additionally, the current staff compliment is increasingly overtaxed as the internal demand for assistance improving processes grows. The additional resources for continuous improvement would be used to:

- Purchase enterprise software to document, store, update, and manage agency-wide business processes
- Purchase professional/technical services for improved business process management expertise and support
- Hire seven new FTE, one supervisor and six continuous improvement experts, to assist business areas within the agency manage complex organizational development projects. These projects would include program and process simplification, developing and implementing new processes, reducing waste, identifying and mitigating risk, training DHS staff to use continuous improvement methodologies in their daily work, and advise decision-makers.

Strengthening Contract Compliance and Internal Audits (12.0 FTEs)

Contracts and Legal Compliance: In 2019, DHS spent about $2.3 billion annually through grant and Professional/Technical (P/T) contracts. Following COVID, the amount of spending through contracts has been increasing beyond the capacity of attorneys and contract coordinators to keep up with the volume. As of October 2021, DHS has already spent $200 million more through contracts and the Contracts division has a backlog of new grants to process. The team has been putting in overtime for much of the year and is not able to keep up with the volume of contracting that is continuing to increase at faster rates. Beyond the significant delays in the contracting process, the increased volume without increased staff places time pressure on staff increases the potential for mistakes and issues to arise.

- To address increasing contract volume and spend, this proposal adds four contract coordinators and two contract attorneys.

In addition, DHS' Contracts division is staffed to support the development of RFPs and contracts, but not to provide oversight of contract compliance. The complexity of contract matters has increased over the years with varying federal and state contract processes and forms, multiple funding sources, new funding types, and increased federal and state oversight requirements. Providing program areas with oversight and support in complying with federal and state contract requirement remains a functional gap in DHS structure.

- To effectively provide contract compliance oversight, training and guidance, and monitoring across the agency, this proposal requests four new positions to establish this centralized function. The four new positions include: two project managers to oversee federal funding and federal legal compliance, and two staff to implement DHS' contract compliance monitoring initiative, which includes a contracts database project manager to implement the new contracts database agency wide and a program manager providing contract compliance oversight.

Internal Audits Office: Two positions would be focused on strengthening risk-based analysis of program payments and using that information to audit selected payments to providers. They would also conduct in-depth reviews of rate setting and billing processes, focusing on the various waiver services and interim rate setting processes. These positions would need to identify and anticipate changes to programs and how those changes could impact rate setting or reimbursement for the services provided.

These positions would also need advanced systems knowledge to evaluate system controls over manual billings, manual adjustments, workarounds, and complex system edits that impact eligibility or payments.

Fiscal Impact:

Net fiscal impact on the General Fund is $1.5 million in FY 2022-23, and $3.3 million in FY 2024-25. These resources will be used to expand DHS' capacity in the areas of continuous improvement, legal and contract compliance, and internal audits.

Impact on Children and Families:

The additional support for the continuous improvement, contract compliance, and audit functions will bolster the support received by programs directly impacting children and families. This includes process improvement, project support, increased compliance and audit support.

Equity and Inclusion:

Increased capacity for continuous improvement, contract compliance, and audit functions at DHS will improve the state's ability to oversee important services and programs for some of Minnesota's most vulnerable residents. These changes will benefit all Minnesotans and help ensure that seniors, people with disabilities, children and many others meet their basic needs and have the opportunity to reach their full potential.

IT Related Proposals:

N/A

Results:

The resources requested in the proposal will improve the legal and contract compliance and internal audits functions of DHS on an agency-wide level. It will also allow the Department to expand its continuous improvement efforts during a time of critical business improvement needs.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		1,500	1,500	1,650	1,650	3,301
HCAF						
Federal TANF						
Other Fund						
Total All Funds		1,500	1,500	1,650	1,650	3,301

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	Operations Administration – 18 FTEs		2,059	2,059	2,427	2,427	4,854
GF	11	Business Process Management		100	100	0	0	0
GF	Rev1	Admin FFP @ 32%		(659)	(659)	(777)	(777)	(1,553)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	OPS Administration		19		19	19	

FY 2022-23 Supplemental Budget Change Item OP-48

Change Item Title: Critical Resources for Licensing

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	2,923	3,094	3,166
FFP (32%)	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	2,923	3,094	3,166
FTEs	**0**	**41**	**42**	**43**

Request:

The Governor recommends investing $2.9 million in FY2023, $3.1 million in FY2024 and $3.2 million in FY2025 from the General Fund to respond to the growth in the number of foster care and home and community-based services (HCBS) licensed programs and related maltreatment and licensing complaints. The Licensing Division in the Office of Inspector General performs a critical role in ensuring the health and safety of the vulnerable adults and children receiving services through licensing reviews and maltreatment investigations. Licensed programs and investigations have increased significantly while staffing has failed to keep pace with this growth. This proposal will decrease the time it takes to conduct HCBS licensing visits from once every 4.5 years to every 3 years, increase timeliness of reviews of foster care license applications and licensing actions, and ensure that DHS meets statutory timelines for maltreatment complaints.

The Department of Human Services (DHS) Office of Inspector General's operating budget for FY2022 is $59.3 million. The additional funding would represent an approximately 5% increase in FY2023-2025.

Rationale/Background:

The requested resources in this proposal are critical for the Licensing Division to carry out its mission to ensure program integrity and the health and safety of vulnerable adults and children. There have been substantial increases in HCBS and foster care licenses and an increased number and complexity of maltreatment reports without corresponding increases in the staffing needed to complete this work. This is having an impact on the Department's compliance with some state and federal requirements, which is likely to continue if this proposal is not funded.

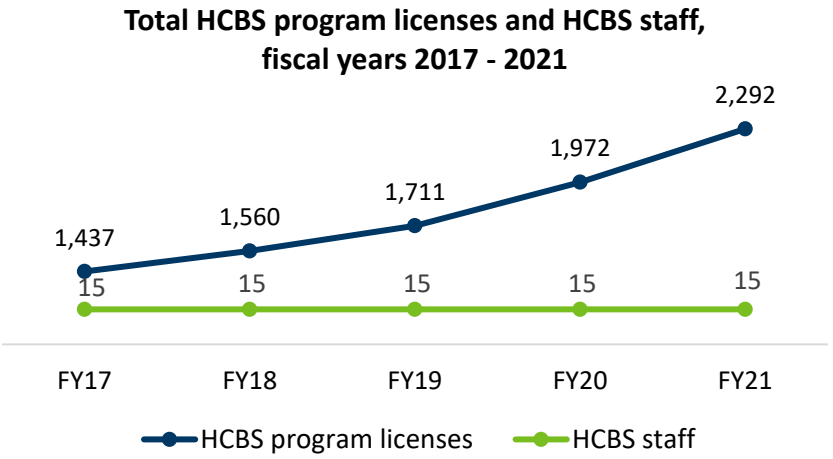
HCBS

Since the inception of HCBS licensed services on January 1, 2014, the number of services has expanded from 19 to 31. The number of license holders has also increased significantly from 1,277 at the end of Fiscal Year 2015 to 2,292 licenses at the end of Fiscal Year 2021 – a growth of 79% – and the number continues to increase while staffing has remained the same. Licensed providers deliver services to approximately 59,000 older adults and people with disabilities in more than 4,900 licensed settings or in the service recipient's own home or community.

With current staffing levels, licensors only monitor providers' compliance an average of once every 4.5 years, unless a poor compliance history warrants additional licensing reviews. This falls far short of the federal waiver plan, which binds the State to conducting reviews at least once every three years.

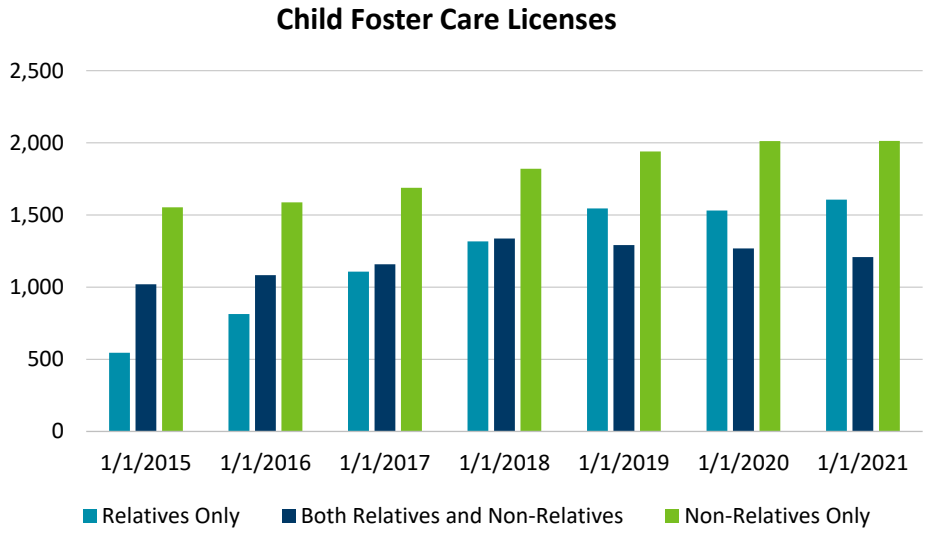
The number of complaints about licensing violations, including severe violations, has increased. Those that warranted an onsite investigation grew by more than 234% from 131 in Fiscal Year 2015 to 437 in Fiscal Year 2019.[44] The Licensing Division is struggling to meet the demands of investigating complaints while also staying current on scheduled monitoring reviews.

[44] Data from Fiscal Year 2019 is more reflective of the HCBS unit's normal operations than data from Fiscal Years 2020 or 2021 due to COVID-19.



Foster Care

The number of license holders serving children in family foster care settings has grown significantly in recent years. Since 2015, the total number of child foster care licenses has increased by approximately 53% (from 3,268 to 4,996). Whenever possible, children are placed in unlicensed emergency relative homes, which are then required to apply for a child foster care license. The majority of family foster care license holders (56%) are now foster care providers who serve relative children. The number of relative-only child foster care license holders has increased by 195% (from 545 to 1,607) since 2015. In addition, child foster care license holders that serve both relatives and non-relatives have increased by over 18% (from 1,020 to 1,208).



The dramatic increase in child foster care licenses, especially relative child foster care license holders, has put significant pressures on the DHS Licensing Division, which oversees the statewide child foster care and adult

foster care licensing systems, issues foster care licenses based on agency recommendations, reviews county and private agency license denial and sanction recommendations, issues licensing sanctions, reviews/approves certain variances, and conducts regular monitoring of each county and private agency's licensing work to ensure statewide consistency of the foster care licensing system. Each licensing action involves significant case consultation with the licensing agency to assess whether the nature, severity, and chronicity of licensing violations justifies the recommendation and to ensure there is thorough documentation to support the action. In 2020, the average length of time for DHS to issue a decision on a child foster care licensing action recommendation was 123 days.

DHS also provides training, technical assistance, and individual case consultations to approximately 400 county and private agency licensors. Relative child foster care applicants often face challenges and barriers in meeting licensing and background study requirements, which has also increased the need for DHS to provide case specific consultation and technical assistance. While the number of child foster care applications and licenses has grown significantly in recent years, there has not been any increase in the number of employees doing this work.

Maltreatment investigations

The Central Intake and Maltreatment Investigations unit triages and investigates maltreatment and licensing complaints under a combination of the Vulnerable Adults Act, the Maltreatment of Minors Act, and state licensure laws. The number of maltreatment complaints received by the Licensing Division increased by 103% from 3,348 in Fiscal Year 2015 to 6,787 in Fiscal Year 2021.

Over the period of FY2014 - FY2021, the Licensing Division experienced a significant increase in work, including:

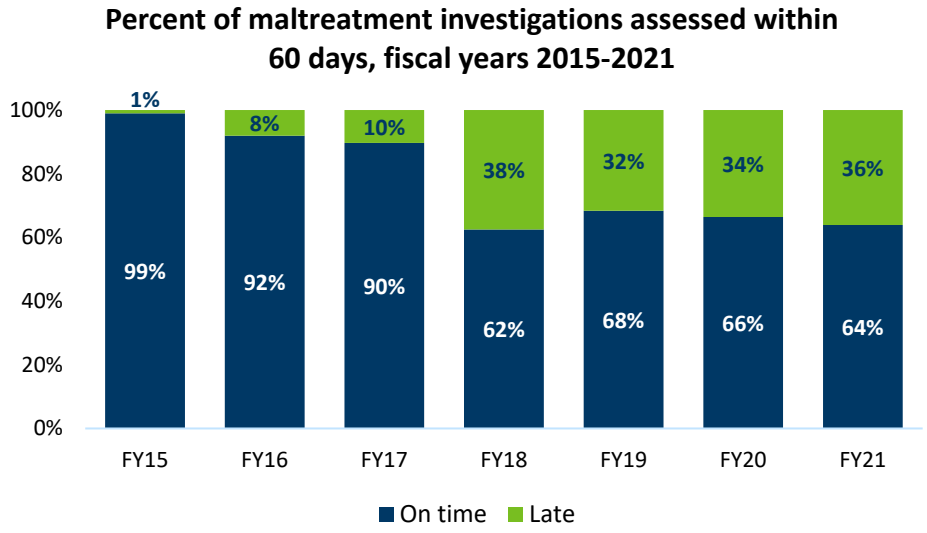
- 139% increase in licenses
- 54% increase in maltreatment, licensing, and death reports received

The Central Intake and Maltreatment Investigations unit is receiving maltreatment reports that are more complex and that require more staff time. This is affecting this unit in several ways:

- Providers frequently provide multiple lines of services, so assessors have to research databases and make phone calls to verify which services the client was receiving to verify that the investigation is within the Department's jurisdiction. Additionally, several services are regulated by more than one agency, which requires intake and assessor staff to notify and coordinate documentation with other agencies. This complex work takes more time than in the past.
- There has been an increase in litigation by providers that has resulted in delays and multiple visits to programs when legal counsel for the providers can be present.
- The complexity and number of maltreatment investigations is increasing, requiring investigators to spend additional time gathering information, interviewing individuals, and coordinating with other agencies, such as law enforcement. This increased time lessens our ability to meet the statutory 60 day timeline for maltreatment investigations.
- Staff are required to enter each allegation into more data systems, which produces better data, but creates more work and adds complexity.

The timely review of these complaints, the researching of prior facility history, and the evaluation of maltreatment or licensing jurisdiction have all been compromised by the significant increase in reports. Statute requires that DHS make an initial disposition on every report within five business days. The percent of reports assessed within five days has fallen to 50 percent, due to the increased workloads and complexities already highlighted.

State statute requires out-of-office investigations to be completed within 60 days. The increased volume and complexity of maltreatment complaints have contributed to the Licensing Division falling behind and completing only 64 percent of out-of-office investigations within the required 60 days. Without more staff, the unit will continue to miss statutory timelines.



Proposal:

This proposal would be used to hire new staff to provide critical support to HCBS and foster care licensing activities and maltreatment and licensing complaint investigations.

HCBS

The additional funding in this proposal increases staffing in the HCBS unit within the Licensing Division at DHS by 23 FTE. This funding will ensure:

- On-site reviews of each HCBS license holder are conducted at least once every three years to meet federal waiver plan timeframes
- Staff will have greater capacity to respond to requests more quickly, including: providing technical assistance and training, application reviews and approvals, complaint investigations, and sanction activity related to providers with significant compliance issues
- Staff will have more time to communicate with providers to correct problems and improve care.

To put all of this in context, Medicaid spending on licensed HCBS services in Minnesota totaled $2.04 billion in calendar year 2020. The HCBS licensing and investigation units provide quality assurance by ensuring that the services meet minimum standards, currently costing $5.99 million per year – just over a quarter of one percent of the cost of the services provided. Even with the increase in funding included in this proposal, the HCBS licensing functions would still cost just over 0.4% of the amount of public funds spent on providing these services.

Foster care

This proposal will add 8.0 FTE to the DHS Licensing Division to meet the increased workload attributed to the recent and anticipated continued growth in child foster care licenses. This funding will ensure:

- DHS Licensing staff can decrease the length of time it takes to issue licenses, license denials, licensing actions and variances;
- Staff can provide more training, support, and communication to counties and private agencies;
- Staff will be able to offer technical assistance and individual case consultation to support counties and private agencies as they assist applicants; and
- Staff will have the capacity to conduct on-site reviews of county delegated licensing activities for adult foster care and community residential settings and more timely on-site reviews of private agency child foster care licensing activities.

Maltreatment investigations

The additional funding in this proposal increases staffing in the Central Intake and Maltreatment Investigations unit within the Licensing Division at DHS by 12 FTE. This funding will ensure:

- Intake and assessor staff have time to adequately research and review licensing and maltreatment complaints, including completion of a robust, in-office investigation within statutorily required timelines;
- Maltreatment investigators can conduct out-of-office investigations of ever more complex maltreatment complaints within statutorily required deadlines;

- Staff have more time to communicate with families and help providers correct problems and improve care; and
- Staff can process the increasing quantity of death reports and assessments with minimal delay.

Impact on Children and Families:

HCBS licensors monitor services provided by the waiver programs and thereby ensure that these services will be available to children and adults with disabilities who need them. Increasing the frequency of monitoring visits will help ensure that families and children are provided with services that support their independence in compliance with health and safety standards.

The increased emphasis in recent years on placing children in foster care with a relative has significantly increased the number of relatives seeking a foster care license. Relative foster care providers play an important role in maintaining a child's sense of safety and culture, and can provide a faster timeline to permanency if reunification is not possible. Relative child foster care applicants respond to an emergency need within their family and, unlike non-relative applicants, did not anticipate becoming foster parents. As such, relatives may face barriers to licensing and need additional support navigating the license application process and home study process and sometimes need variances to licensing requirements. With additional resources, the Licensing Division will be able to provide more trainings, technical assistance, and individual case consultation to county and private agency licensors. Applications for licensure will also be processed quicker. This will assist all child foster care applicants, especially relative applicants. Relatives must be licensed for a minimum of six months in order to qualify for Northstar Kinship Assistance. Therefore, delays in licensing lead to delays in permanency for children, as well as relative families being able to access this resource.

Ensuring that the Department's Licensing Division has the resources it needs to manage reports of maltreatment or other licensing complaints for providers in a timely manner will better serve children, vulnerable adults, and their families. Staff will also be able to spend more time communicating with families during investigations of alleged maltreatment.

Equity and Inclusion:

There are no anticipated negative effects for underrepresented individuals or communities. We anticipate a significant positive impact to persons receiving services as more frequent licensing activity should increase compliance with health, safety, and rights standards. It will also have a positive effect on these groups by allowing more timely responses to concerns and complaints.

Licensing activity for HCBS supports the provision of quality services to persons with disabilities and older adults of all racial identities, sexual orientations, and gender identities.

BIPOC and LGBTQ communities are disproportionately represented in child foster care. In 2020, American Indian children were around 16 times more likely to experience out-of-home care, those of two or more races were 7 times more likely, and African American or Black children were between 2 and 3 times more likely than their white counterparts. Investments in the child foster care system will benefit these populations by ensuring more

assistance for relatives seeking licensure, more timely responses to applications and licensing questions, and more expeditious due process.

Impacts to Counties:

This proposal will not impact counties financially; however, with additional staff, DHS will be better able to support counties' licensing work. DHS will be able to increase its engagement with county agencies by providing additional outreach, oversight, case consultation, and technical assistance.

Counties have expressed an interest in receiving more resources and trainings. With increased capacity, the Licensing Division will be able to offer statewide trainings, including new trainings to support relative applicants on a regular basis and offer more-timely updates to the licensor packet forms. The Licensing Division discussed this budget proposal idea with the metro county foster care licensing supervisors at their October 2021 meeting.

Impacts to Tribes:

Tribal nations can license and oversee their own programs and would not be impacted by this proposal. The Fond du Lac Band also has a DHS license as a Child Caring-Placing Agency to license foster care programs off of the reservation. Child Caring-Placing Agencies are overseen by the DHS Licensing Division and subject to licensing reviews. The impact on private agencies, such as Fond du Lac, that license child foster care would be similar to those outlined in the *Impact to Counties* section. The Licensing Division will discuss this budget proposal idea with Fond du Lac at an October 2021 meeting.

Results:

Type of Measure	*Name of Measure*	*Current*	*Projected*
Quantity	HCBS: License review cycle	4.5 years	3 years
Quantity	HCBS: Number of licensed providers visited per year	about 500 per year*	900 per year
Quantity	HCBS: Percentage of all licensed waiver providers reviewed or visited per year	Less than 25%*	33%
Quantity	HCBS: Number of community residential settings monitored per year	200 per year*	300 per year
Quantity	HCBS: Number of day services facilities monitored per year	About 60 per year*	100 per year
Quantity	Foster care: Average length of time it takes to issue a child foster care license (CY 2020)	148 days	120 days
Quantity	Foster care: Average length of time for DHS to issue a decision on a child foster care licensing action recommendation (CY 2020)	123 days	60 days

Type of Measure	*Name of Measure*	*Current*	*Projected*
Quantity	Foster care: Foster care case consultations (Oct 2020 to Oct 2021)	1,980	2,500
Quantity	Foster care: Licensor trainings (CY 2019)	15	32
Quantity	Maltreatment investigations: Percentage of reports assessed within initial five days of receipt, as required by 626.557	50%	100%
Quantity	Maltreatment investigations: Percentage of maltreatment reports assigned for investigation and completed within 60 days, as required by 626.557	64%	95%
Quantity	Legal: Amount of time to process maltreatment reconsiderations	Average per year for calendar years 2018-2020: 112 days	30 days
Quantity	Legal: Amount of time to process correction order reconsiderations	Average per year for calendar years 2018-2020: 97 days	60 days
Quantity	Legal: Amount of time to process conditional license reconsiderations	Average per year for calendar years 2018-2020: 107 days	60 days

*This data is from Fiscal Year 2019 and is more reflective of the HCBS unit's normal operations than data from Fiscal Years 2020 or 2021 due to COVID-19.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		2,923	2,923	3,094	3,166	6,260
HCAF						
Federal TANF						
Other Fund						
Total All Funds		2,923	2,923	3,094	3,166	6,260

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	Salaries and Benefits – OPS-OIG		4,299	4,299	4,550	4,656	9,206
GF	Rev1	Admin FFP @ 32%		(1,376)	(1,376)	(1,456)	(1,490)	(2,946)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	Salaries and Benefits – OPS-OIG		41		42	43	

FY 2022-23 Supplemental Budget Change Item CF-63

Change Item Title: Forecast the Child Care Assistance Program Basic Sliding Fee – CF-63

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund		81	138,402	329,216
Expenditures	0			
Revenues	0	0	0	0
Other Funds – Federal CCDF				
Expenditures	0	0	23,500	23,500
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	81	161,902	352,716
FTEs	**0**	**4.5**	**4.5**	**4.5**

Request:

The Governor recommends investing $80,859 from the general fund in FY 2023 and $467.62 million from the general fund in the FY 2024-25 biennium for changes to the Child Care Assistance Program (CCAP) to forecast the Basic Sliding Fee (BSF) child care program. In addition, $23.5 million in FY24, and $23.5 million in FY25 will be transferred from the Temporary Assistance to Needy Families (TANF) block grant to the Child Care and Development Fund (CCDF) to offset some of the costs of this proposal. Forecasting BSF child care ensures that families and children across the state can access CCAP without being placed on a waiting list.

Rationale/Background:

This proposal impacts children and families who are eligible to receive child care assistance but do not or cannot participate in the Minnesota Family Investment Program (MFIP). Families who have not participated in MFIP or

the Diversionary Work Program (DWP) in the past year but meet income limits and other eligibility criteria may qualify for Basic Sliding Fee (BSF) child care. The BSF portion of the CCAP program is a capped allocation, so in some counties and tribal agencies, there is a waiting list for families to access BSF child care. The MFIP child care program is forecasted; families who currently participate or have participated in MFIP or DWP in the past year do not have to wait to receive child care assistance.

Proposal:

This proposal forecasts Basic Sliding Fee (BSF) child care effective the first biweekly period of July 2023. Initial estimates indicate that this proposal could allow CCAP to serve up to 17,000 additional families.

Impact on Children and Families:

CCAP helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP typically serves approximately 15,000 families and 30,000 children each month. An average of 2,650 providers receive CCAP payments each month.

This proposal will fully fund BSF child care so families do not have to wait until funds are available to begin receiving CCAP. As of October 2021, there were 654 families on waiting lists statewide. In the last ten years the number of families on the waiting list has ranged from 500 (August 2021) to 8,300 (January 2014). This proposal could serve up to 17,000 additional families.

Equity and Inclusion:

In State Fiscal Year 2021, 61% of all children receiving CCAP through BSF child care were children of color, specifically African-American, Asian/Pacific Islander, Hispanic/Latino, multiple races, and American Indian children. Of all children served, 46% are African-American. Accordingly, increasing access to Basic Sliding Fee child care will more greatly impact and benefit African-American children and families.

Impact on Counties:

This proposal will increase the workload for county agencies administering CCAP. Although counties will no longer need to manage waiting lists, they will need time to implement staffing changes to administer additional cases.

Impact on Tribes:

This proposal will impact White Earth Nation and Red Lake Nation specifically as they administer CCAP in partnership with the state. Other tribal nations may have participants receiving CCAP, but those cases are administered through a county or local agency.

This proposal will increase the workload for White Earth Nation and Red Lake Nation and they will need time to implement staffing changes to administer additional cases. White Earth Nation and Red Lake Nation

typically do not have waiting lists, but this policy change would remove that as a possibility and could impact staffing needs.

Results:

This proposal will fully fund BSF child care so families do not have to wait until funds are available to begin receiving CCAP. As of October 2021, there were 654 families on waiting lists statewide. In the last ten years the number of families on the waiting list has ranged from 500 (August 2021) to 8,300 (January 2014). This proposal could serve up to 17,000 additional families.

IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC^2, the automated system that supports CCAP, will need changes in order to implement this proposal. MN.IT estimates the cost of forecasting BSF to be $147,016 (a state share of 80,859) in FY 2023 and $58,806 (a state share of 32,343) in FY 2024-25.

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)		147,016	29,403	29,403		
Total		**147,016**	**29,403**	**29,403**		

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
MNIT FTEs						
Agency FTEs						

Fiscal Detail:

The Temporary Assistance for Needy Families (TANF) transfer to the Child Care and Development Fund (CCDF) will be increased to the maximum allowed level. This increase will offset the cost of this proposal by $23.5 million in FY24 and $23.5 million in FY25.

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		81	81	138,402	329,216	467,618
HCAF						
Federal TANF				23,500	23,500	47,000
Other Fund – Federal CCDF						
Total All Funds		81	81	161,902	352,716	514,618

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	System Cost (MEC^2 state share @ 55%)		81	81	16	16	32
GF	42	Basic Sliding Fee				142,539	337,945	480,484
GF	22	MFIP Child Care				(4,476)	(9,114)	(13,590)
Fed	42	Basic Sliding Fee				23,500	23,500	47,000
GF	11	OIG FTEs – 2.5 @ 14L, 16L, 17L				475	542	1,017
GF	REV1	FFP @ 32%				(152)	(173)	(325)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
						2.5	2.5	2.5

Statutory Change(s):

Chapter 119B

FY 2022-23 Supplemental Budget Change Item CF-62

Change Item Title: CCAP Maximum Rate Update

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund	0	64	129,702	145,565
Expenditures	0			
Revenues	0	0	0	0
Other Funds				
Expenditures – Federal CCDF	0	75,334	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	75,398	129,702	145,565
FTEs	**0**	**.5**	**.5**	**.5**

Request:

The Governor recommends investing $75.4 million from the federal Child Care and Development Fund (CCDF) in FY 2023 and $64,000 from the general fund in FY 2023 and $275.3 million from the general fund in the FY 2024-25 biennium for changes to the Child Care Assistance Program (CCAP) to update the maximum rates paid to child care providers to the 75th percentile of the most recent market survey. Updating the maximum rates supports families, children, and child care providers across the state.

Rationale/Background:

This proposal impacts most providers and families receiving child care assistance with the intended result to improve access to the child care market and ensure that Minnesota achieves the federally recommended benchmark for equal access by setting rates to the 75th percentile of the most recent market rate survey.

History

CCAP pays a child care provider's charge or, if less, a maximum hourly, daily or weekly rate that is calculated based on state law. These rates are referred to as "maximum rates." Every 3 years DHS conducts a statewide survey of prices charged by licensed family child care and licensed center child care providers, referred to as a "market rate survey." The 2021 legislature brought Minnesota into federal compliance by setting current maximum rates to the 40th percentile of the 2021 market rate survey for infants and toddlers and the 30th percentile of the 2021 market rate survey for preschool and school aged children. In January 2025, these rates will update with the 2024 market rate survey.

As a result, Minnesota is in compliance with the current federal minimum requirement through State Fiscal Year 2027. Since federal law requires maximum rates be set to the most recent market rate survey, Minnesota will again be out of compliance if the legislature does not update rates to the 2027 survey.

The Child Care and Development Block (CCDBG) Grant Act of 2014 (Public Law 113-186; Section 5b(4)(A)) requires that states ensure CCAP eligible children have equal access to child care services provided to other children. The final federal Rule section 98.45 requires that rates be based on the most recent market rate survey.[45] The federal benchmark for achieving equal access is to set maximum rates at the 75th percentile.

Impact of low rates on child care providers:

When payment rates are too low, providers are less likely to serve families receiving CCAP. Providers who choose to continue serving these families and accept the low payment rates often struggle to offer quality care, attract and retain good staff, purchase sufficient supplies, and maintain facilities. These providers are often left struggling to keep their doors open.[46] Updates to maximum rates support providers who serve CCAP families by ensuring they receive payment comparable to what they would receive from private pay families. Predictable revenues also support providers' ability to run their business when faced with unexpected challenges, such as COVID-19. Allowing maximum rates to increase with each new survey maintains alignment with the market.

Proposal:

This proposal updates maximum rates every 3 years after each market rate survey. Maximum rates would be set at the 75th percentile of the most recent rate survey or the rates in effect at the time of the update, whichever is greater. Many rates would increase, some rates would stay the same, and no rates would decrease. The first update would be made in October 2022 using the 2021 rate survey. Maximum rates would then be updated every third January following the market rate survey. The proposal a .5 FTE licensor position.

[45] 45 CFR 98.45. "Equal Access." https://www.law.cornell.edu/cfr/text/45/98.45.

[46] National Women's Law Center. Still shortchanging our youngest children: State payment rates for infant care 2018. https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/05/final_nwlc_2019_ShortchangChildReport.pdf

Impact on Children and Families:

CCAP helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP typically serves approximately 15,000 families and 30,000 children each month. An average of 2,650 providers receive CCAP payments each month. Counties and tribal agencies administer CCAP. As of FY 2021, 27% of Family Child Care providers and 68% of Licensed Centers were registered to serve families receiving CCAP.

Increasing CCAP maximum rates and updating after each market rate survey will help ensure families and children continue to receive assistance from CCAP to access child care and reduce the need to pay out of pocket. Failing to increase maximum rates and update the maximum rates based on the most recent market rate survey puts access to CCAP reimbursement at risk should providers decide not to accept CCAP because the rates are too low.

Equity and Inclusion:

If enacted, updating CCAP maximum rates to be based on the most recent market rate survey will increase access to affordable, quality child care for families receiving CCAP. This proposal will benefit families of color, particularly African American families, and prove beneficial as parents and legal guardians pursue employment or educational opportunities. Providers serving children under a tribal CCAP program will also see a rate increase.

In State Fiscal Year 2021, 68% of all children served by CCAP were children of color, specifically African-American, Asian/Pacific Islander, Hispanic/Latino, multiple races, and American Indian children. Of all children served, 54% are African-American. Accordingly, any rate increase for children and families receiving child care assistance, and/or the providers who serve them, is likely to benefit African-American children.

Impact on Counties:

Most counties have expressed support for increasing CCAP maximum payment rates. This proposal would not add any new responsibilities or duties for counties. Counties may see increased caseloads due to more families utilizing CCAP.

Impact on Tribes:

This proposal will impact White Earth Nation and Red Lake Nation specifically as they administer CCAP in partnership with the state. Other tribal nations may have participants receiving CCAP, but those cases are administered through a county or other local agency. This proposal does not create any new responsibilities or duties for tribal administrators. Tribal administrators may see increased caseloads due to more families utilizing CCAP.

Results:

This proposal impacts most providers and families receiving child care assistance with the intended result to improve access to the child care market. Increasing CCAP maximum rates and updating after each market rate survey will help ensure families and children continue to receive assistance from CCAP to access child care and reduce the need to pay out of pocket. Failing to increase maximum rates and update the maximum rates based on the most recent market rate survey puts access to CCAP reimbursement at risk should providers decide not to accept CCAP because the rates are too low. This proposal aligns Minnesota with the federally-recommended benchmark for equal access by setting rates at the 75th percentile of the most recent market rate survey.

Fiscal Impact:

The total direct care cost of updating CCAP maximum rates is $75.4 million in FY 2023 and $275.2 million in FY24-25. The additional licensor position has a net cost of $82,000 in FY 2023 and $86,000 per year thereafter.

IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC^2, the automated system that supports CCAP, will need changes in order to implement this proposal. MN.IT estimates the cost of updating a new rate will be $33,400 every 3 years. Due to related changes paid for by the 2021 Legislature, the net cost in FY23 is $29,812 (because this will be paid with federal CCDF dollars, whole dollars are tracked for FY23, rather than state share only. MN.IT estimates the ongoing maintenance cost at $5,661 in years when a rate change does not occur. A related change paid for by the 2021 Legislature reduces this to a net cost of $2,073 (state share of $1,140) in FY24. The related change paid for by the 2021 Legislature results in a net cost of $15,460 (state share of $8,503) in FY25.

Fiscal Detail:

The cost for this proposal in FY 2023 will be paid using funds from the federal Child Care and Development Fund (CCDF).

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		64	64	129,702	145,565	275,267
HCAF						
Federal TANF						
Other Fund -- CCDF		75,334	75,334			
Total All Funds		75,398	75,398	129,702	145,565	275,267

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	System Cost (MEC^2 state share @55%)		30	30	1	9	10
Fed	22	MFIP Child Care		48,520	48,520			
Fed	42	BSF Child Care		26,814	26,814			
GF	22	MFIP Child Care				82,693	93,823	176,516
GF	42	BSF Child Care				46,969	51,694	98,663
GF	11	OIG FTEs – 0.5 @14L		50	50	57	57	114
GF	REV1	FFP @ 32%		(16)	(16)	(18)	(18)	(36)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	OIG FTEs – 0.5 @14L		0.5	0.5	0.5	0.5	0.5

Statutory Change(s):

Minnesota Statutes, Chapter 119B.13, subdivision 1

FY 2023 Supplemental Budget Change Item CF-41

Change Item Title: Change in Child Care Assistance Program Definition of Family

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	56	9,260	28,164
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	56	9,260	28,164
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends investing $56 thousand in State Fiscal Year 2023, $9.3 million in State Fiscal Year 2024 and $28.2 million for State Fiscal Year 2025 to change the Child Care Assistance Program (CCAP) definition of family to include foster care families and relative custodians and successor custodians or guardians receiving Northstar Kinship Assistance (NKA). The primary fiscal impact of this policy change results from increased families served in the Basic Sliding Fee (BSF) portion of the program. BSF child care assistance helps eligible families who do not receive Minnesota Family Investment Program (MFIP) or Diversionary Work Program cash assistance pay for child care costs while parents participate in employment, and/or approved education programs or job search activities.

Minnesota Department of Human Services (DHS) data show that as of March 2021 there were 831 children receiving NKA and 1,587 children in foster care whose child care costs were not fully covered through the child care allowance available through NKA or foster care payments. It is assumed that none of these families are currently participating in CCAP, because the current CCAP definition of family[47] does not include most kinship caregivers and any foster care families, and that if this proposal is enacted, many would qualify for BSF under the current income guidelines and eligibility criteria. These families are assumed to have the same average family size and BSF payment amount as the current BSF population.

Rationale/Background:

Currently, to receive child care assistance, the applicant must be either (1) an eligible relative caregiver or (2) a legal guardian under Minnesota Statutes[48], or under tribal law. Generally, legal guardianship is granted when parental rights have been terminated or the parents are deceased. This narrow definition of legal guardian excludes many other types of custody arrangements, including cases where a child has been placed in foster care, or there has been a transfer of permanent legal and physical custody (TPLPC) of a child in foster care to their kinship foster parent.

Foster care is intended to provide for a child's safety or to access treatment. Children are placed in foster care as a way to ensure their safety or to access treatment. A child in foster care is under the placement and care responsibility of a local social services agency, and in most cases, is placed away from their parent/guardian. While there are several types of foster care settings, this proposal focuses on family foster home settings in which there is an individual or family who is typically licensed for child foster care. Most foster care providers receive foster care payments on behalf of children in their care.

"Family foster home" means the home of an individual or family who is licensed for child foster care[49]or licensed or approved by a tribe in accordance with tribal standards with whom the foster child resides. Family foster home includes an emergency unlicensed relative placement.[50]

A transfer of permanent legal and physical custody (TPLPC) is one of two permanency options for children in foster care who cannot be reunified with their primary caregivers, the other being adoption. The adult caretakers in TPLPC situations typically would have first served as children's foster parents, and under statute

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[47] Minn. Stat. § 119B.011 subdivision 13

[48] Minn. Stat. § 119B.011 subdivision 13

[49] Under Minn. Stat. § 245A

[50] Under Minn. Stat. § 245A.035

must be considered a child's relative.[51] Following a court-ordered TPLPC, these adult caretakers are known in statute as the "permanent relative custodians"[52] or "permanent legal and physical custodians"[53] of a child who had been in foster care, and have primary rights and responsibilities for a child's protection, education, care, supervision and decision-making on behalf of the child.

The narrow definition of legal guardian in CCAP statutes has a history of causing confusion for local agencies and applicants. Since 2010, DHS CCAP has addressed several policy questions from local agencies about the definition of legal guardian for the purpose of CCAP. In 2019, a local agency approved a CCAP application submitted by a permanent relative custodian in error. Later, they terminated the applicant's child care assistance, resulting in an appeal. The applicant had permanent legal and physical custody of a child[54], but for the purposes of CCAP eligibility, this applicant was not the child's "legal guardian."

Though the decision to terminate the applicant's child care assistance was affirmed by the human services judge, the State of Minnesota Ombudsperson for Families said that the applicant not being a legal guardian "is a matter of semantics" because for all purposes the applicant, as a legal custodian, "has the same rights, responsibilities, and decision-making as a parent or guardian[55]." Additionally, the ombudsperson for American Indian Families reviewed the appeal and had concerns about the way CCAP advised local agencies to apply the definition of legal guardian. The ombudsperson recommended DHS amend its policy to include "legal custodian" to be in the same category as legal guardian.

State and federal law include a preference for relative placement for children in foster care, including as permanency options when children cannot be reunified with their parents.[56] Placement with relatives helps minimize trauma children experience when they are removed from their homes. Relatives typically have the same or similar cultural and family traditions and norms, and are able to support children in developing a positive sense of self and a better understanding of their heritage.[57] Unfortunately, relatives also tend to have lower incomes than non-relative providers and need access to services that can support them in providing foster

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[51] Minn. Stat. § 260C.007

[52] Minn. Stat. § 256N.02, subdivision 19

[53] Minn. Stat. § 260C.515, subdivision 4

[54] Pursuant to Minn. Stat. § 260C.515

[55] The Decision of State Agency Appeal discusses this more in depth.

[56] Minn. Stat. § 260C.212, subdivision 2; 42 U.S.C. § 671 (a)(19)

[57] See, for example, Working With Kinship Caregivers

care and permanent placement for children.[58] Expanding the statute associated with the CCAP definition of family would better ensure children who must be placed in foster care can remain with relatives.

Anticipated results of this proposal are:

1) Reducing the financial burden of some foster care parents who must pay for child care. Current Northstar Foster Care (NFC) payments may be larger than NKA payments, but are still not adequate to cover child care costs. For example, if a caregiver accepted custody of three children (aged 1 year, 4 years, and 8 years), the maximum monthly amount the caregiver could receive for child care under NFC is $1110[13]. Using the 50th percentile of center infant, preschool, and school age weekly rates from the 2018 Market Rate Survey, the monthly cost of child care for the three children could be $3280 in Hennepin County. For someone receiving NFC, this results in a $2170 monthly shortfall. If caregivers who receive NFC were eligible for CCAP, CCAP could potentially pay for a greater portion of the shortfall than the NFC payments.
2) Reducing the financial burden of some relative custodians who must pay for child care. Currently, the high cost of child care can be a barrier to becoming a relative custodian. For example, if a caregiver accepted custody of three children (aged 1 year, 4 years, and 8 years), the maximum monthly amount the caregiver could receive for child care under NKA is $666 per month.[59] Using the 50th percentile of center infant, preschool, and school age weekly rates from the 2018 Market Rate Survey, the monthly cost of child care for the three children could be $3280 in Hennepin County. For someone receiving NKA, this results in a $2614 monthly shortfall. If caregivers who receive NKA were eligible for CCAP, CCAP could potentially pay for a great portion of the shortfall than the NKA payments.
3) Expanding access to CCAP benefits to relative custodians to whom a court transferred permanent legal and physical custody of a child in foster care. Currently, these situations are not eligible for CCAP. The child had to have lived with the relative custodian while in foster care, typically as a licensed foster care placement. Current NKA benefits are inadequate to cover the full cost of child care for these families. Moreover, not all families receive NKA benefits for these children.

This proposal does not include custody/guardianship relationships that are informally established without court involvement, or that are formally established outside of juvenile court proceedings.[60] There are other formal and informal relationships (including agreements that may have been executed in family court).

Of the 56 CCDF states and territories, many recognize custody arrangements outside of legal guardianship for the purposes of applicant eligibility for their child care subsidy program:

- In 46 states and territories, relative caretakers are eligible to apply for subsidies

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[58] See, for example, This report from Casey Family Programs

[59] For more details, please see the page at the end of this document labeled “Northstar Kinship Assistance and CCAP Case Scenario”

[60] With the exception of successor custodians or guardians under Minn. Stat. § 256N.22, subdivision 10

- In 34 states and territories, non-relative caretakers are eligible to apply for subsidies. Depending on the state, non-relative caretakers can be non-relatives who are acting in loco parentis, have full-time physical custody of the child, or meet other conditions.
- Minnesota is one of six states where foster families are not eligible for the child care subsidy.

Proposal:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure children are well cared for and prepared to enter school. The program serves approximately 30,000 children from 15,000 families each month. In State Fiscal Year 2020, the Basic Sliding Fee (BSF) Program served 14,228 children from 7,361 families.

This proposal changes an existing program. It increases the number of families who are eligible to receive CCAP through BSF. The anticipated total cost for expanding the family definition for CCAP is $9.3 million in FY2024 and $28.2million in FY2025. These numbers assume an increase in costs for BSF and a savings in costs for Northstar Care for Children. Cost drivers include an increase in the number of potential families serviced through BSF and a decrease in the number of children receiving child care allowance through Northstar Care for Children. The costs are paid for by increasing the CCAP BSF grant fund. The additional operating costs are the MN.IT costs to change and maintain the MEC^2 system.

This proposal assumes families will use CCAP for child care payments rather than the Northstar child care allowance. Increases to the monthly payment amount are based on assessed need for child care. There is a higher allowance available for children ages birth-6 in NFC (up to $444 per month in SFY 2022) than there is for children ages birth-6 receiving NKA (up to $222 per month in SFY 2022). Children ages 7-12 in NFC or receiving NKA are also eligible for this allowance (up to $222 per month in SFY 2022). Families receiving CCAP are not eligible for a Northstar child care allowance.
This proposal also assumes that 75% of cases under NKA will receive CCAP over the NKA benefit and 40% of cases under NFC will receive CCAP over the NFC benefit. The caregivers must meet all CCAP eligibility requirements (i.e. income and activity requirements) in order to receive the CCAP assistance. NKA and NFC participants who choose to receive CCAP would see a reduction in their child care assistance payments from NKA or NFC.

Finally, this proposal assumes there is no impact on CCAP from the Minnesota Department of Education (MDE) Early Learning Scholarships program. This program helps children 0-5 access high quality early care and education. Children in foster care and protective services are a priority population for Early Learning Scholarships. Almost 1,400 children in foster care receive Early Learning Scholarships as of state fiscal year 2020. The impact on DHS fiscal statement is yet to be determined.

This proposal will support children and the caregivers responsible for them by providing continuous, consistent child care assistance and care through CCAP. This proposal supports families that are providing temporary care

for children in foster care, and families providing permanent care for children formerly in foster care, in affording childcare while they are working.

This proposal will be effective August 7, 2023. Changes to MEC^2 need to be installed, and new guidance issued to local agencies. In addition, CFS (both CCAP and Child Safety and Permanency) would initiate outreach to agencies, advocates and others who work with families who might benefit from this change.

Fiscal Impact:

The overall cost for this proposal will cost $101,752 in State Fiscal Year 2023 and $37.4 million in State Fiscal Years 2024-2025.

- The total direct care cost of this proposal is $37.4 million State Fiscal Years 2024-2025 and includes savings that would come from families who use CCAP rather than NKA or NFC.
- MN.IT estimates a cost of $101,752 ($55,963 state share) in State Fiscal Year 2023, $20,350 ($11,193 state share) in State Fiscal Year 2024, and $20,350 ($11,193 state share) in State Fiscal Year 2025.

Impact on Counties:

DHS CCAP staff and CSP consulted with counties by meeting with financial workers, supervisors, CSP representatives from local agencies and attorneys from Hennepin County, including lobbyists from MACSSA, specifically engaging with them on July 21st, August 11, August 19th and August 26. Counties broadly supported this proposal and cited its valuable impact on reducing disparities. Additionally, one county has consistently engaged DHS staff over the past few years in proposing legislation that would allow relative custodians access to CCAP, pointing out equity concerns particularly for American Indian families as well as permanency delays for younger children in foster care, as relatives often must take into consideration their ability to care for children financially as they experience both a reduction in Northstar payments once they become permanent relative custodians and exclusion from other financial benefit programs such as MFIP and CCAP.

Key Themes:

- The number of families served under CCAP would increase, with estimated costs covered by additional funds.
- Counties and tribes may experience higher CCAP caseloads and increased need for coordination.

Impact on Tribes:

This proposal particularly affects American Indian children and families as many Tribes do not believe in terminating parental rights, so a transfer of permanent legal and physical custody is the preferred permanency option for children in foster care who cannot be reunified with their caregivers. The impact on Tribal members is an equity consideration. This proposal supports relative custodians who have permanent legal and physical custody of children by allowing them to apply for the Child Care Assistance Program.

This proposal was not created in response to the tribal consultation process and Executive Order 19-24, but it will impact White Earth Nation and Red Lake Nation because they administer CCAP. Other tribal nation members would benefit from this proposal if they receive CCAP through the county in which they live. Additionally, this proposal was developed in part based on the experience of a Native American family who accepted a transfer of permanent legal and physical custody of a child in foster care, who was denied access to CCAP due to the adult caregiver's status as a relative custodian, rather than legal guardian.

Impact on Children and Families:

Expanding the definition of family would allow children in kinship and foster care situations to receive CCAP if their caregivers met the other eligibility qualifications, and to have access to affordable childcare, particularly for tribal communities who frequently do not terminate parental rights. By making CCAP funding accessible to relative custodians and foster parents, access to child care is improved or maintained, which supports the child's development, particularly in the early years. This proposal impacts children when they are moving from their legal parents or guardians into foster care, and from foster care into permanency with a relative custodian, reducing trauma to children who are experiencing family disruption. This proposal impacts families by supporting extended family members who want to take care of children but may not have the financial means to do that.

- CCAP currently provides nearly 20,000 children of color access to child care every month, and approximately 53% of all children served are African American. This tracks with the reality that Minnesota's American Indian and African American families face significant disparities with regard to income and poverty, as well as some of the worst achievement gaps in the nation
- Additionally, American Indian children, African American children, and children of two or more races are consistently disproportionately represented in out-of-home placement, and research shows out-of-home placement is associated with a greater likelihood of experiencing negative outcomes later in life
- To help narrow income disparities and the achievement gap, children of color must have access to quality early learning opportunities that can improve school readiness

Equity and Inclusion:

This proposal intends to achieve more equitable outcomes for children and families of color and American Indian children and families by increasing access to the Child Care Assistance Program for relative caregivers, thereby reducing racial inequity in accessing the Child Care Assistance Program.

In State Fiscal Year 2020, 60 percent of children served by Basic Sliding Fee program alone were children of color, specifically African American, Asian/Pacific Islander, Hispanic/Latino, multiple races, and American Indian. Of all children served by Basic Sliding Fee, 45 percent were African American. Accordingly, any impact on children and families receiving child care assistance or the providers who serve them is likely to disproportionately impact African American children.

Likewise, Minnesota has significant racial disparities in out-of-home care; African American and American Indian children, and children of two or more races, are disproportionately likely to experience placement. Additionally, through stakeholder engagement, it was reported that many tribes prefer to use transfers of permanent legal and physical custody over adoption, in order to avoid permanently terminating a parent's parental rights.

NKA is a benefit program that provides financial assistance and medical assistance to eligible children in foster care whose kinship foster parents accept a transfer of permanent legal and physical custody. In March of 2021, 4,131 children received a NKA payment. Of those, 33% were American Indian, 17% were two or more races, and 11% were African American/Black. The addition of NKA families may increase American Indian representation in CCAP.

Therefore, a proposal to expand the definition of legal guardian in the CCAP to include foster parents and relative custodians who have obtained transfers of permanent legal and physical custody of children in foster care are more likely to be families or children of color, including American Indian families.

The potential positive impact of this proposal to people of color and American Indians is that CCAP will recognize more types of caretakers and custody situations for children, allowing greater access to CCAP and thus, better financial and economic stability for families of color caring for their relatives' children and increased permanent placement stability. Greater access to CCAP for children in out of home placements will increase their access to childcare and stable early learning environments. Childcare is a major expense for families, and if more types of caregivers for children can apply for the CCAP, it may increase the number of caregivers who are willing to accept children for out of home placements and for permanent placement through transfer of permanent legal and physical custody.

Stakeholder Engagement:

The Department of Human Services has met with providers, tribal representatives, advocate groups, Children's Cabinet staff, and county representatives to discuss this proposed change. It has been well received by all groups. Stakeholder support of the proposal spanned all the groups we engaged with. Members from tribal nations were especially supportive of the proposal idea because this situation particularly affects American Indian children and families as many Tribes do not believe in terminating parental rights and subsequent adoption, so a transfer of permanent legal and physical custody is the preferred permanency option.

The Department of Human Services engaged with community organizations and councils including ICWA, the African American Child Wellbeing Unit and the Cultural and Ethnic Community Leadership Council, as well as with community organizations such as Lutheran Social Services and the North American Council on Adoptable Children.

The Department of Human Services hosted a well-received stakeholder feedback session to discuss this proposed change specifically with families and local community organizations serving families that would be most impacted June through August 2021.

Some advocates believe that serving these children could reduce the financial burden on their caregivers, possibly increasing the number of people willing and able to be foster parents and relative custodians. Many cited that serving these children could result in better outcomes for children and their caregivers, particularly if the child care received is high quality.

Overall, stakeholders who met with the Department of Human Services support the proposal and view it as an essential step to increase inclusivity to more types of CCAP-eligible caregivers, accounting for the different living arrangements for children and families, and improve outcomes for children in foster care and children achieving permanency with relatives.

IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC2, the automated system that supports the Child Care Assistance Program, will need changes in order to implement this proposal. MN.IT estimates an initial total cost of $101,752 in FY 2023. MN.IT estimates the ongoing maintenance cost at $20,350 in FY 2024 and FY 2025.

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)		101,752	20,350	20,350		
Total		**101,752**	**20,350**	**20,350**		
MNIT FTEs						
Agency FTEs						

Results:

If this proposal passes, CCAP staff will be able to track how many families meeting these criteria are served annually, and can track that data by race and ethnicity. The CCAP Family Profile would include the results.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		$56	$56	$9,260	$28,164	$37,424
HCAF						
Federal TANF						
Other Fund						

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	System Cost (MEC^2 state share @ 55%)		$56	$56	$11	$11	$22
GF	26	Northstar				($662)	($1,972)	($2,634)
GF	42	Basic Sliding Fee				$9,911	$30,125	$40,036

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
			-	-	-	-	-	-

Statutory Change(s):

119B

FY 2022-23 Supplemental Budget Change Item CF-64

Change Item Title: Child Care Stabilization and Support

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	31,703	67,555	3,824
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	31,703	67,555	3,824
FTEs	**0**	**0**	**5.5**	**5.5**

Request:

The Governor recommends investing $31.703 million in fiscal year 2023, $67.555 million in fiscal year 2024, and $3.824 million in fiscal year 2025 from the general fund to address Minnesota's child care shortage and the needs of child care providers to stabilize and recover from the COVID-19 pandemic.

This investment would help to stabilize the child care sector and address Minnesota's child care shortage through:

1. Grants to support child care programs experiencing financial hardship to ensure stability of child care programs as they continue to recover from the COVID-19 pandemic. Similar grants are currently available through the federally-funded Child Care Stabilization Grant program established in the 2021 legislative session and through ARPA.

2. Child care support services including local technical assistance for child care providers, training and recruitment of qualified staff to work in the child care sector, child care shared services alliances, and support for provider business practices through technology access and supports.

Rationale/Background:

As is true nationwide, there is a shortage of child care in Minnesota. The COVID-19 pandemic further strained Minnesota's child care sector, resulting in some child care programs closing, while others were able to stay in business with financial support from the Child Care Stabilization Grant Program. Minnesota was able to stabilize and maintain child care programs better than many other states. However, the trajectory of the COVID-19 pandemic is unknown. The child care industry has continued to experience the impacts of lost revenue and increased costs, as well as a disproportionate rate of worker vacancies and staffing limitations caused by the pandemic. As a result, Minnesota's child care shortage that existed prior to the pandemic persist, and a quarter of Minnesota families still have very low or no access to child care.

This issue was prioritized by the Minnesota Department of Human Services (DHS) and the Children's Cabinet, and informed by a series of engagement sessions with child care providers about financial hardship in late 2021. The Children's Cabinet is also hearing about the child care shortage, the child care worker crisis, the financial impacts of the surge in COVID-19 cases and the need for continued flexible financial supports and other resources that can help child care providers stay in business, start up and expand.

These funds will allow DHS to continue offering financial hardship grants to child care providers after the federally-funded grants conclude, which will help ensure availability of child care for Minnesota's workforce when child care programs are vulnerable to closing now and through fiscal year 2025. They will also be used to support child care programs to develop stronger business practices and use of technology; connect providers to improved child care systems; establish new or expand existing child care programs to serve more children; and continue to support training and professional development to strengthen Minnesota's child care workforce.

Proposal:

This proposal provides funds to stabilize the child care sector ongoing through grants and provides supports for building and maintaining the supply of child care.

Child Care Financial Hardship Grants:

This proposal provides grants to child care programs experiencing extreme financial hardship.

Similar grants are being awarded through an existing grant program called the Child Care Stabilization Grant program, established under Laws of Minnesota 2021, First Special Session, Chapter 7, Art. 14, Sec. 21 using $70 million in funds from the federal American Rescue Plan Act (ARPA). This $70 million in grant funding is being made available beginning January 2022 and will fund grants until expended.

This proposal extends the availability of grants for child care providers experiencing extreme financial hardship by providing $31.403 million from the general fund in fiscal year 2023, and $66.288 million in fiscal year 2024.

These grant funds will be available until fully expended or the end of fiscal year 2025, whichever is sooner. The grants funded in this proposal will provide flexible funds for programs experiencing financial instability, but will not be subject to the same state and federal requirements as the ARPA-funded Child Care Stabilization Financial Hardship Grants. Licensed family child care, licensed child care centers, and certified child care centers will be eligible to apply for these grants. This additional investment doubles the amount of funding allocated (from ARPA) for this purpose during calendar year 2021.

Costs to administer these grant funds in fiscal year 2023 will be paid for by the federally funded Child Care Stabilization Grant program. $397,000 from the general fund is appropriated in fiscal year 2024 and $454,000 is appropriated in fiscal year 2025 for administration of these activities by DHS. There are 5.5 FTEs included in this proposal for fiscal years 2024 and 2025. These temporary FTEs provide the support needed to administer the program including:

- 1 FTE in the Child Care Services Division for policy development and implementation, provider communication and technical assistance.
- 1 FTE in the Office of Inspector General (OIG) Data and Analytics unit for a data analyst to determine eligibility for grants and carry out analyses of requirements met by grant recipients as well as data summarizing program success.
- .5 FTE in OIG to provide legal support for program administration.
- 1 FTE in OIG Licensing Division for policy development and implementation.
- 2 FTEs in the OIG Financial Fraud & Abuse Investigations Division for auditor/investigator positions to audit and investigate compliance with the funding requirements that are established. The financial hardship grants are anticipated to end on or before December 31, 2024. These positions need to be in place for six months past the end of the program, until June 30, 2025, to allow for participation and testimony if needed for fair hearings.

Supports for Child Care Programs:

This proposal will also strengthen the child care sector in Minnesota by providing funding to increase access to technology for child care providers, and extend existing funding for supports for new and existing child care programs. Currently, funding through the ARPA pays for many of these supports, but ARPA funds will end in fiscal years 2023 and 2024. Additional funds are needed to continue them through the end of fiscal year 2025.

Supports for child care programs will include:

- $1.2 million in fiscal year 2025 to extend the One Stop Child Care Assistance Network through the end of the 2024-2025 biennium. This program was established under Art. 2, Sec. 79 and Sec. 84(a), Ch. 7 of Laws of Minnesota 2021 of the First Special Session and funded with $3 million in ARPA funds to develop a network to support the start-up of new child care programs, and expand and sustain existing child care programs. This program is carried out by organizations operating child care resource and referral programs under Minnesota Statutes, section 119B.19.
- $1.3 million in fiscal year 2025 to extend the Workforce Development Grants through the end of the 2024-2025 biennium. This program was established under Art. 8, Sec. 11(c), Ch. 7 of Laws of Minnesota 2021 of the First Special Session funded with $3 million in ARPA funds to provide child care training, job skills and job placement for economically disadvantaged individuals and to increase the number of

qualified early educators. This program is carried out by organizations operating child care resource and referral programs under Minnesota Statutes, section 119B.19.

- $500,000 annually in fiscal years 2024 and 2025 for Shared Services Alliances. These alliances help family child care providers achieve economies of scale and run more efficient programs, boosting provider wages, increasing enrollment, and leveraging shared support services to improve quality. This funding would follow a pilot program for Shared Services Alliances established under Laws of Minnesota 2021, 1st Special Session, Ch. 7, Art. 14, Sec. 16 and Sec. 23(i), and being implemented in fiscal years 2022 and 2023.
- $300,000 annually in fiscal years 2023, 2024, and 2025 for grants or other supports to child care providers to improve their access to computers, the Internet, and subscriptions to online child care management applications that could be used to help them improve their business practices. It will also provide funding for technical assistance to providers.

Impact on Children and Families:

This proposal addresses the Walz administration's One Minnesota goal of increasing the number of Minnesota families with adequate access to child care from 75% to 91%. It also builds on and complements work that began before and during the COVID-19 pandemic, including the Child Care Stabilization Grant Program, Economic Development grants provided by the Minnesota Department of Employment and Economic Development (DEED), and grants and supports provided the Minnesota Initiative Foundations to address rural child care shortages.

The activities in this proposal will increase access for children and families to affordable and quality child care by providing grants to support child care programs to stay open, strengthen their use of technology and business skills, and support new child care programs to open and new people to join the child care workforce. The financial hardship grants will be particularly helpful in efforts to stabilize rural family child care programs, which are often the only child care options for families in their areas.

Many of the ideas in this proposal originated from recommendations made by the Family Child Care Task Force in its report released in January 2021. This task force included representatives from family child care, families, and other advocacy groups. Family child care providers were also engaged to provide feedback related to the Child Care Stabilization Grant Program. Some of their feedback included information passed along from client families.

Equity and Inclusion:

We know that licensed child care providers of color were some of the hardest hit during the pandemic. Based on a survey of 781 Minnesota child care providers by First Children's Finance and the Minneapolis Federal

Reserve,[61] child care providers of color were worse off than white providers, with significantly more providers of color reporting enrollment declines, inability to pay all expenses, and household incomes being affected by business losses. Based on engagement work around barriers to becoming a licensed provider, we know that there are additional barriers that providers of color face, especially if they speak a language other than English.

Implementation of these programs will center equity, with more resources targeted to places with higher numbers of Black, Indigenous, and People of Color (BIPOC) families to ensure the need to address lack of access to child care in these communities is addressed.

Impacts to Counties:

DHS will have continuing conversations with counties about the impact on their licensing services. Representatives from some counties have been engaged in the One Stop Assistance Network and Workforce Development Grant work groups.

Impacts to Tribes:

Representatives from tribes have been consulted through engagement related to the Child Care Stabilization Grants. Tribes also receive funding for Child Care Stabilization Grants directly from the U.S. Office of Child Care. Child care programs that are tribally licensed are eligible for grants from DHS and their local tribal government.

Representatives from tribes have also been consulted through the One Stop Assistance Network work group. The Minnesota Tribal Resources for Early Childhood Care (MNTRECC) was engaged to provide input into the plans for both the One Stop Network and the Workforce Development Grants plan.

This program may result in a need for staff to provide support for tribally licensed programs. MNTRECC will receive separate Child Care Development Fund funding to help connect individuals interested in becoming licensed with staff in Child Care Aware agencies, help tribal programs access resources, and help Child Care Aware agencies serve tribal programs well.

Results:

This effort is part of a broader statewide effort to increase access to child care for families statewide, led by the Child Care Action Team, coordinated by the Minnesota Children's Cabinet. These efforts collectively are working toward the One Minnesota Goal of increasing the number of families in Minnesota with adequate access to child care from 75% to 91%. The progress of our state toward this goal will be tracked ongoing through a collaboration between department staff and the University of Minnesota's Child Care Access project (www.childcareaccess.org).

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[61] Federal Reserve Bank of Minneapolis (2021). https://www.minneapolisfed.org/article/2021/as-pandemic-dragged-on-minnesota-child-care-providers-faced-enrollment-financial-crises.

Child Care Financial Hardship Grants:

DHS will provide Child Care Financial Hardship Grants to the following number of child care programs:

- Approximately 2,000 child care providers may be served over all three fiscal years with grant amounts varying by provider type and size. Licensed family child care providers who qualify more than once in the course of a year could be eligible for up to approximately $10,000 per program spread out over multiple months, while larger licensed child care centers and certified child care centers could qualify for more.

DHS will collect and synthesize data on how funds were used to determine impacts of the program. We will also assess if these funds were distributed equitably by analyzing the following data:

- Program location
- Race and ethnicity of the center director or provider
- Gender of the center director or provider

Child Care Supports:

The goal is to serve approximately:

- 2,000 child care providers through financial hardship grants over all three fiscal years with grant amounts varying by provider type and size.
- 600 child care providers through coordinated supports provided by the One Stop Assistance Network and the Workforce Development Grants
- 300 child care providers through the technology supports

Goal for shared services:

- We do not currently have a goal number of providers served for shared services. The shared services pilot conducted with ARPA funds in fiscal years 2022 and 2023 will inform our understanding of how many providers will be served in fiscal years 2024, 2025 and beyond.

<u>DHS will track progress using the following measures:</u>

Child care capacity goals:

- Number of slots created by year
- Number of child care programs started

Individuals served with Workforce Development Grants per fiscal year:

- Number of individuals trained and qualified to join the child care workforce
- Number retained
- Job placements
- BIPOC served and jobs received

Child care technology supports:

- 300 child care providers will be served through child care technology access and access to a child care management system designed to improve provider business practices

IT Related Proposals:

For only IT related parts in this proposal, the following costs apply:

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll (DHS staff)						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)			70,129	70,129		
Total			**70,129**	**70,129**		
MNIT FTEs			.5	.5		
Agency FTEs						

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		31,703	31,703	67,555	3,824	71,379
HCAF						
Federal TANF						
Other Fund						
Total All Funds		31,703	31,703	67,555	3,824	71,379

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	43	Grants – Child Care Hardship Grants		31,403	31,403	66,288	0	66,288
GF	12	CFS FTE @ 14L		0	0	101	114	215
GF	43	One-Stop Child Care Assistance Network		0	0	0	1,200	1,200
GF	43	Workforce Development Grants		0	0	0	1,300	1,300
GF	43	Shared Services Alliances		0	0	500	500	1,000
GF	43	Grants – Technology grants for Child Care providers		300	300	300	300	600
		MNIT administrative costs (whole dollars)		0	0	70	70	140
GF	11	OIG FTEs 3 @ 14L, 1.5 @ 17L		0	0	488	559	1,047
GF	REV1	FFP @ 32%		0	0	(192)	(219)	(411)

Requested FTEs

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
				0	0	5.5	5.5	5.5

Statutory Change(s):

Minn. Stat. § 119B.19; new statutes are required

FY 2022-23 Supplemental Budget Change Item CF-67

Change Item Title: Investments in Child Welfare Prevention and Systemic Needs

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund		4,274	46,623	46,603
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)		4,274	46,623	46,603
FTEs	**21**	**21**	**21**	**21**

Request:

The Governor recommends investing $4.274 million in FY 2023 and $93.226 million in FY 2024-25 to fund implementation and expansion of programs and services to promote family and child well-being. This investment will help prevent the reporting and subsequent entry of children and their families into the child protection system, provide more support for adolescents who are or have been in foster care, and fund a centralized statewide pool of QIs (QIs) to complete qualified residential treatment program (QRTP) assessments when children are placed in child care institutions.

Rationale/Background:

Poverty and economic insecurity continue to create adverse environments and experiences for families across Minnesota including, but not limited to, neglect and maltreatment reporting on families. Economic, social and environmental factors – including structural racism, historical trauma, and adversity ensure that not everyone has access to the conditions and opportunities that support child and family well-being.

In 2020, American Indian children were 4 times more likely, African American children were 2 times more likely, and children of two or more races were 4 times more likely than white children to be reported to child welfare. Once reported, American Indian children were 5 times more likely, African American children were 2.5 times more likely, and children of two or more races were 5 times more likely than white children to be an alleged victim in a child protection assessment or investigation.

Poverty is a significant risk factor for children and families for involvement in child protection. In Minnesota, African American and American Indian children are 5.4 and 6.4 times more likely to live in poverty than are White children. Recent analysis show that census tracks with high rates of childhood poverty also have higher rates of reporting to child protection, and in particular higher rates of reporting for neglect.

Child welfare is the last safety net for far too many families when other systems fail; therefore, the system must begin to move upstream to identify and appropriately serve those families that do not need protection but rather are suffering the ill effects of poverty and economic insecurity.

The Department of Human Services (the department) recognizes these realities and is committed to investing in policy, system and environmental changes. We are committed to doing this work in partnership with communities, and in a way that recognizes and promotes strengths, and addresses economic instability and other root causes of adverse outcomes to promote child and family well-being. This collective work must focus on supporting the conditions that help families thrive. It must provide access to a comprehensive continuum of care that includes prevention, early intervention, and continuing care to promote positive social determinants of health and well-being, which will, in turn, build protective factors for individual families. Doing so requires building a continuum that is culturally responsive, easily accessible and provides an array of services, supports and opportunities at both the community and state levels.

A system of prevention effectively recognizes family and community strengths; meets the needs of Black, indigenous and families of color; and sets the conditions for families to thrive before they are in crisis, and before child welfare is involved. The department has heard this need through multiple stakeholder engagement efforts. For instance, during early stakeholder conversations around Family First Prevention Services Act (FFPSA) counties, tribes and advocates expressed their strong desire to engage upstream with families to prevent child welfare involvement. While FFPSA largely provides opportunity for children and families served within the child welfare system, this proposal will help meet families' needs early to avoid costly entry into county and state systems, prevent unnecessary child and family trauma, and promote family well-being.

The department has identified a number of strategies:

Parent Support Outreach Program

Minnesota's Parent Support Outreach Program (PSOP) Program is a voluntary, short-term prevention/early intervention program that focuses on a family's strengths and needs, and aims to help children and parents thrive. The overarching goals of PSOP are to enhance the well-being of children and families, ensure and maintain safety for children, and support families so they can meet the needs of their children by themselves and through support systems. PSOP was first implemented as a pilot in 2005. A 2009 evaluation of the program

showed that when families in poverty were given access to services that addressed basic needs they were significantly less likely to experience a subsequent report to child protection. In 2013 the Minnesota Legislature appropriated funds for statewide expansion of the Parent Support Outreach Program beginning July 1, 2013, with ongoing support. The current $4million total PSOP allocation is supported through a mixture of state funds (56% state expansion funds and 5% State Children's Trust Fund) and federal CBCAP dollars (39%).

In the three years between 2018 and 2020, PSOP served an average of 4,240 families annually through county social service and Initiative Tribe agencies. Increased funding would support the current allocation as well as allow for expanding PSOP to community based agencies who are better suited to supporting families prior to a child maltreatment report. The majority of PSOP referrals come from screened out maltreatment intakes. Expanding PSOP to community based agencies would allow for more families to access PSOP before a report of maltreatment is made.

Thriving Families, Safer Children Educational Neglect Diversionary programming

The Thriving Families, Safer Children initiative seeks to narrow the entry of children and families into the child welfare system through access and provision of services. Within this work, educational neglect has arisen as a specific type of report that could be avoided through diversionary community-based programming. Families are often struggling with basic needs, housing instability and lack of transportation that are challenging when it comes to school attendance. School attendance and success are tied to improved long-term outcomes for children. Funding would allow planning to begin to support future education attendance diversionary program(s). During planning, the department, along with stakeholders and those with lived experience, will explore and develop community, county and school-based partnerships to develop diversionary program for families who are at risk of being reported for educational neglect. The intent is that the diversionary programs will eventually be established and housed within community-based organizations to support families as appropriate to prevent them from entering the child welfare system. This would be new programming and is not currently supported by state funds.

Family Group Decision Making

Family Group Decision Making (FGDM) is an innovative approach that positions the family group as leaders in decision making about their children's safety, permanency, and well-being. The department has recently engaged in stakeholder meetings to capture feedback about current FGDM funding and practices across the state. The department has funded FGDM for two decades as a practice that supports the family voice in critical decisions around child safety and permanency. Several themes emerged, they include: the department should create additional funding streams to support FGDM practice across the state; define and further offer FGDM across the state; increase foundational training and other continued educational opportunities for FGDM; support additional opportunities to bring FGDM coordinators together to discuss practice strategies and challenges; and explore and invest in targeting and evaluating additional outcomes related to the use of FGDM and goals related to reducing racial disparities and out of home placement for children in Minnesota. Additional funding and staffing would support such efforts, which are meaningful for family participation and voice in decision making. FGDM is currently federally funded by Title IV-B2 dollars at $1.3 million and is awarded through a competitive grant process. In fiscal year 2021, FGDM hosted 2363 family meetings across 15 grantees distributed across the state.

Parent Mentors

Family First Prevention Services Act (FFPSA) engagement efforts have allowed the department to understand how to better support children and families who do come to the attention of child welfare. One such program that was uplifted by community is the Parent Mentor model. Parent Mentors provide support to parents in the child welfare system to promote positive outcomes for children and their families. Opportunity exists to eventually seek Title IV-E reimbursement for prevention services and programs such as Parent Mentors. In both 2020 and 2021, the legislature did appropriate $150,000 directly to Minnesota One Stop to support their Parent Mentor program. No other Parent Mentor programs are directly being funded using state or federal child welfare funds. MN One Stop is only one of many other models / programs operationalized currently in Minnesota.

Family Assessment Response

Family Assessment Response (FAR) funding provides case management services and direct, tangible needs for families who are being served under Family Assessment Response. An increase in funding would allow the policy to expand to all families receiving in-home child protection case management services, not just families who initially were part of a Family Assessment Response. Further, Family First Prevention Services, the prevention services elements, provides an opportunity to provide prevention services to families receiving in-home child protection case management services. This will increase the number of families receiving in-home services, requiring additional needs for families and case management services. In 2021, there were 10,822 children receiving in-home child protection case management services, 13,053 in 2020, and 15,070 in 2019. The calendar year 2023 allocation for FAR is $2.2 million. Current funding only supports a small fraction of these children. An increase of funding would better support direct needs for families related to their entry into the child protection system to keep families safe and together.

Support for Adolescents Exiting the Child Welfare System

Youth that have experienced foster care need assistance with the skills necessary to live independently, build permanent connections and ensure housing stability. This population is at high risk of homelessness, and of higher rates of pregnancy and incarceration. Historically, on average, youth who leave foster care at age 18 or older face worse outcomes than their peers. Research has documented the following outcomes for these youth:

- 33% of females aged 18 to 26 are incarcerated compared with 3% of the general population
- 64% of males aged 18 to 26 are incarcerated compared with 9% of the general population
- Approximately 31% will become homeless at some time after age 18
- Approximately 58% have a high school degree at age 19, compared to 87% of the general population
- Of youth over age 25 who aged out of care, less than 3% earn college degrees compared with 28% of the general population.
- 33% have no health insurance, double the national rate
- 33% report mental health issues
- The average salary of employed youth aged 26 involved with foster care is $13,989 compared with $32,312 of the general population
- They are 3 times more likely to be unemployed and out of school compared to youth of the same age who were not in care

- 71% of young women in foster care become pregnant by age 21[62]

The department has identified five strategies to help youth overcome these deplorable outcomes. These strategies will provide financial assistance to youth leaving care at age 21; reduce caseworker caseloads; and take a deeper look at the challenges youth face.

Support beyond 21. Youth leaving foster care need additional financial resources in order to transition out of care. Providing a step-down model and additional resources will provide youth with a better opportunity to learn more about financial literacy.

Manageable caseload sizes for caseworkers working with adolescents. County and tribal staff say their caseloads are too high. Funding for additional county and tribal child welfare staff to work with youth in extended foster care will assist counties and tribes that participate in Minnesota's American Indian Child Welfare Initiative (AICWI) by reducing caseload sizes. Smaller caseloads will improve outcomes of youth in the foster care system by allowing workers the time they need to provide services.

Collaborate with individuals who experienced aging out of foster care. The department's policy on adolescent safety, permanency and well-being is not adequately informed by study, research and experience. Policy developed by staff and young adults with lived experience will support better outcomes for youth.

QIs for QRTP Assessments

The Family First Prevention Services Act (FFPSA) requires a new process for approving children's placements in qualified residential treatment programs (QRTP). County social services agencies and tribes participating in the American Indian Child Welfare Initiative (Initiative) are required to have a juvenile treatment screening team when considering residential treatment placements. If that team recommends placement in a QRTP, the responsible agency must request a certified qualified individual (QI) to complete the QRTP assessment and make a placement recommendation. Parents and older youth can request a specific QI. If the Indian Child Welfare Act (ICWA) and Minnesota Indian Family Preservation Act (MIFPA) apply, a child's tribe must be involved in this decision-making process.

The federal requirement for QRTP assessments completed by a certified QI went into effect on October 1, 2021. The department has been using one-time federal Family First Transition Act (FFTA) funding to operate a pilot program to hire 30 contracted individuals. Within the first 7 weeks of the pilot program, counties have requested 50 assessments. To provide counties and Initiative tribes more time to come into compliance with this new federal requirement, the department developed a program using FFTA funds and once those funds are no longer available, counties and Initiative tribes will need to have their own QI programs. The department has been using existing staff resources to administer this program which is not sustainable. The department is

[62] DeVooght, K., Fryar, G., Jordan, E. (2017, November). Supporting Young People Transitioning from Foster Care: Findings from a National Survey http://www.childtrends.org/publications/supporting-young-people-transitioning-foster-care-findings-national-survey/

covering the costs of training and certification for QI's for counties and Initiative tribes. This pilot will end in early 2022 due to funding issues, insufficient staff resources and contracting limitations.

County advocates have expressed a desire to have a centralized statewide pool of QIs managed by the department and paid for using state general funds. Investing state funds to establish a centralized pool of QIs would enable the department to ensure QIs are available, and that there is a focus on recruiting individuals from a child's community.

Investments in Children and Family Services and Child Safety and Permanency Operations.

The work of the Children and Family Services (CFS) Administration, including specifically the Child Safety and Permanency Division (CSP), has grown significantly in recent years. This growth has led to a need for additional staff infrastructure to ensure that CFS and CSP are able to implement complicated new programs and policies established at the state and federal level.

CFS has a significant need for centralized staff to monitor state and federal compliance and fiscal oversight controls in our programs, respond to data requests, and assist in managing projects and quality improvement measures across an administration that includes 4 divisions and complicated programs within each.

Since 2014, when Governor Mark Dayton's Task Force on the Protection of Children generated 93 large scale systemic policy and program recommendations for improving the pre-court portion of Minnesota's child protection system, CSP has been overwhelmed with the implementation of these recommendations, as well as recent federal child welfare reform. CSP does not have staff experienced in complex project management, specialized fiscal staff, and staff skilled in engaging meaningfully with the people we serve. Specialized staff is needed for these purposes.

Proposal:

This proposal has four components:

1. Promote Family Well-being and Prevent Entry of Children and Families into the Child Protection System

Community-based Parent Support Outreach. This proposal would increase funding by $7 million per fiscal year from the general fund starting in FY 2024 to expand Parent Support Outreach Programming (PSOP) into community-based agencies, schools and public health agencies to prevent reporting and entry into the child welfare system. Funding would support PSOP in agencies and community organizations that have natural case managers including but not limited to: Family Home Visitors; Doulas; WIC programs; PDG Community Resource Hubs; Full-Service Community Schools; school-based health clinics and more to provide economic crisis support to families. The current $4 million total PSOP allocation is supported through a mixture of state funds (56% state expansion funds and 5% State Children's Trust Fund) and federal CBCAP dollars (39%). PSOP is currently administered through counties and Initiative Tribe agencies.

Thriving Families Safer Children: Education attendance support diversionary planning and implementation with counties and tribes. This proposal seeks a one-time general fund appropriation of $30,000 in fiscal year 2024 enabling the department to plan for a future education attendance support diversionary program. During

planning, the department will explore and develop community, county and school-based partnerships to develop diversionary program for families who are at risk of being reported for educational neglect. The intent is to support families in meeting their basic needs and other barriers that prevent regular school attendance. Diversionary programs will eventually be established and housed within community-based organizations (see discussion of community-based organizations in the PSOP paragraph above) to support families as appropriate to prevent them from entering the child welfare system. This is a new program and funds will be used to support participation from those with lived experience.

Family Group Decision Making (FGDM). This proposal would increase funding by $5 million per fiscal year from the general fund starting in FY 2024 to expand FGDM, which provides opportunity for family voice around critical decisions in child safety. Currently, FGDM supports keeping children safe at home with their families and promotes timely reunification when a child has been placed in foster care. FGDM supports family through their natural support networks for long term change. Increased investment will more fully fund FGDM programing, and enable additional expansion into community-based agencies to connect families to FGDM as a prevention measure. Under FFPSA, there is an opportunity to explore evaluation of this program to determine if the state can seek Title IV-E reimbursement sometime in the future. FGDM currently receives $1.3 million in annual funding, using federal Title IV-B2 program funds. FGDM funds are distributed through a competitive grant process and has 15 current grantees. Grants support facilitation of meetings, including staffing. An addition of $5 million would support additional grantees, including community-based agencies, and fully fund programs that are currently underfunded. More families would be served with an emphasis of keeping children home and safe with their families.

Parent Mentors and other promising programs. This proposal would appropriate $5 million per fiscal year from the general fund starting in FY 2024 to create pathways to support promising prevention practices that could become part of the state's FFPSA Title IV-E Prevention Plan. The funds would be used to support community-based providers in developing and implementing parent mentor programs across the state, and over time to expand funding to allow additional programs and services. Parent mentors support parents and caregivers in navigating the child protection system. Parent mentors help parents have a better experience, support positive outcomes, and are someone parents can trust and rely on every step of the way. Parent mentors help parents in advocating for themselves and supporting their goals, which promotes children remaining in the home or timely reunification for children in out of home care. This funding is intended to support an evaluation component that would meet FFPSA requirements, which would support eligibility for IV-E reimbursement in the future. Initially, funding would aim to support 4-8 programs across the state. As initial services are established, ongoing stakeholder engagement will be occurring and further services will be identified that support children remaining safe and with their families. These services would aim to meet FFPSA requirements.

Family Assessment Response allocation – This proposal would appropriate $23.55 million per fiscal year from the general fund starting in FY 2024 to increase the state contribution to the Family Assessment Response allocation that is distributed statewide and to initiative tribes who opt in. Family Assessment Response funding provides case management services and direct, tangible needs for families who are being served under Family Assessment Response. An increase in funding would expand to all families receiving in-home child protection case management services, not just families who initially were part of a Family Assessment Response. There were 10,822 children receiving in-home child protection case management services in 2021, 13,053 in 2020, and 15,070 in 2019. This funding is needed to support expansion of robust in-home child protection case management and the corresponding workforce under FFPSA. Additional funding will widen the potential

opportunity to meet families' well-being, in addition to service access. The existing allocation for Family Assessment Response in calendar year 2023 will be $2.2 million.

Staffing – This proposal provides seven additional full-time employees in the Child Safety and Permanency Division to support a comprehensive prevention program focused on safety and family preservation, management of grants, extended policy and practices development, implementation and oversight, initiate new programming, analysis and evaluation, and supervision of new efforts; and two staff in DHS Operations to manage new contracts and fulfill financial operations needs related to expanded grant programs in this proposal.

2. ***Support for Adolescents Exiting Foster Care***

Support beyond 21. Provide one additional year of financial support for housing and basic needs to youth aging out of extended foster care at age 21. The total assistance per youth will be $6,000 and will include a step-down program as follows: Months 1-3 $800 per month ($2,400 total), Months 4-6 $600 per month ($1,800 total), Months 7-9 $400 per month ($1,200 total) Months 10-12 $200 per month ($600 total).

The cost for this provision is: $600 thousand in FY 2023, and $1.2 million in FY 2024 and each year ongoing.

Manageable case load sizes for caseworkers working with adolescents. Invest $1 million in FY 2023 and each year ongoing for grants to counties and initiative tribes in order to reduce caseload sizes for case workers working with youth in extended foster care to a maximum caseload of 10 youth.

Adolescent safety, wellbeing and permanency policy development. Provide funding to create a team of four staff, two of whom must be adults with lived experience in foster care within the most recent ten years before date of hire. The description of these workers is addressed in the next paragraph.

Staffing. This proposal provides one full-time employee who will focus on services provided to youth in extended foster care and administer the grants to counties and tribes to establish manageable case load sizes for caseworkers working with youth in extended foster care, and two full-time employees with lived experience in the foster care system to work on adolescent safety, wellbeing, and permanency policy development.

3. ***State Support for Pool of QIs for QRTP assessment***

This request is to establish and fund a statewide pool of QIs that are available to complete the required QRTP assessment within the context of a child's family, community and culture. The QRTP assessment is to occur prior to a child's placement in a QRTP or within 30 days after an emergency or crisis placement.

This proposal will provide counties, tribes, parents, and older youth with a trained QI that is available to complete the QRTP assessment process which includes:

- Interviewing child/youth and parent(s)
- Collaborating with family and permanency team members, including school personnel, mental health professionals and others

- Completing the required Commissioner's approved Child and Adolescent Needs and Strengths (CANS) functional assessment
- Documenting required assessment findings on the QRTP assessment and recommendation form that determines whether a child's needs can be met by the child's family members or through placement in a family foster home; or, if not, determine which residential setting would provide the child with the most effective and appropriate level of care to the child in the least restrictive environment. Information is shared with the court.
- Selection of QIs by the community agencies administering the statewide QI pool will be based on interest, experience, specialized knowledge of communities and culture. They must have access to the internet and complete a background study and specialized training provided by the Child Welfare Training Academy. The costs for background studies for each QI will be paid for by the agency.

Staffing. The department will need 1 new FTE to execute request for proposals for one or multiple community agencies to be responsible for establishing and maintaining a statewide pool of QIs, policy and program development, and grant contract management. This program would be managed by one or more community agencies selected through a competitive process to recruit, select, refer, and compensate QIs to complete the QRTP assessments requested by county or tribal agencies.

The total costs for this provision, not including the FTE, is: $1.175 million in FY 2023, and $1.148 million each fiscal year thereafter.

4. Investments in Children and Family Services and Child Safety and Permanency Operations.

To ensure proper administration of CFS programs and implementation of complex projects to address state and federal policy changes, the following new FTEs are needed:

- 4 FTEs – To provide CFS-wide state and federal compliance monitoring and fiscal oversight controls, manage and respond to data requests, and manage implementation and quality improvement projects.
- 4 FTEs – To provide CSP operations support, including advanced fiscal management, project management, and continuous quality improvement efforts.

Fiscal Impact:

The entire proposal has a cost to the general fund of $4.274 million in FY 2023, $46.623 million in FY 2024, and $46.603 million in FY 2025.

Impact on Counties:

This proposal will directly impact the work that Minnesota county child welfare agencies and support the development and enhancement of partnerships between community-based agencies, public health and schools. This proposal will redirect families out of the child welfare system by providing support and services prior to mandated reporting, with the ultimate goal of reducing the number of families coming to the attention and being served by the system. It will also provide for more robust, whole family-centered services to families who do enter the child welfare system through access to shared decision-making processes, parent support and other promising practices.

Today's youth are the future leaders of Minnesota. When youth are provided with needed supports, they are more likely to succeed, contributing to Minnesota's workforce, paying taxes and relying less on public assistance.

Opportunity exists to conduct evaluation(s) of promising practices for possible inclusion under the Family First Prevention Services Act. Longer term, this could lead to Title IV-E reimbursement for qualifying services and promote the expansion and access.

Impact on Tribes:

This proposal will directly impact the work that Minnesota tribal child welfare agencies do to prevent entry into the child welfare system and provide access to additional funding to support families who do enter the child welfare system. For the four initiative tribes, this proposal will provide more funding through the provision of the Family Assessment Response allocation, increasing the tribal agencies' ability to expand staff capacity and provision of tangible needs for families. Opportunity exists to conduct evaluation(s) of promising practices for possible inclusion under the Family First Prevention Services Act. Longer term, this could lead to Title IV-E reimbursement for qualifying services and promote the expansion and access to more families.

For the other tribes and American Indian Urban Communities, this proposal will increase access to funding opportunities that meet their needs.

Additionally, tribes will have the opportunity to address the needs of their youth with a holistic, culturally specific response.

Impact on Children and Families:

The proposal invests in prevention programming to divert children and families away from the child welfare system. It also invests in stakeholder informed programming and services that more adequately support children and families to remain together when child welfare system involvement does occur.

This proposal provides the tools to empower youth and improve outcomes. Minnesota's youth deserve to live with dignity.

American Indian, African American and children of two or more races are disproportionality represented in our foster care system and in placements in child care institutions. This proposal ensures that decisions to place children in the most restrictive setting to receive mental health treatment is made by an independent objective individual who uses a tool based on indigenous worldview and that the assessment in completed through the perspective of a child's family, culture and community. This assessment changes business as usual and will be a challenge to counties when a QI does not recommend placement in a QRTP. State's that have utilized the Child and Adolescent Needs and Strengths (CANS) tool have seen placements in residential treatment facilities decrease.

Parents and youth with lived experience have been involved from the beginning of choosing the approved QRTP assessment tool, to recommending that QIs are members from a child's community that become trained

professionals, designing the CANS specifically for Minnesota and for the purpose of assessing placement in a certified QRTP.

Equity and Inclusion:

The proposal improves community-driven access and supportive services to families prior to the entry into the child welfare system. It also enhances provision of in-home services if families do enter the child welfare system. This proposal is informed by a number of stakeholder engagement processes and is largely community-informed. While this proposal has the potential to enhanced services and response for children of all ages and is inclusive of all genders, nationalities, races, cultural backgrounds, political statuses and abilities, the focus will attend to children and families that have the most disparate outcomes in child welfare.

According SSIS data from 2020, American Indian children were 4 times more likely, African American / Black children were 2 times more likely, and children of two or more races were 4 times more likely than white children to be reported to child welfare. Once reported, American Indian children were 5 times more likely, African American / Black children were 2.5 times more likely, and children of two or more races were 5 times more likely than white children to be an alleged victim in a child protection assessment or investigation.

It is expected that this proposal will benefit American Indian and African American child and families by shifting focus to providing support before child welfare involvement is needed. This proposal will also improve the provision of culturally relevant services and programming by implementing community and lived experience informed programs and services, meant to uplift family voice in decision making, support parents with others who themselves understand system involvement, and other promising practices that support keeping children safe and with their families.

This proposal has the potential to decrease the placement of African American, American Indian and children of two of more races in a restrictive residential setting to receive mental health treatment. By ensuring that members from a child's community can serve as QIs and using an assessment process that focus on child's strengths, mental health services available in the community and a tool based on an indigenous worldview, we expect to see more children access mental health treatment within their family or community and will decrease the need for residential facility placements.

Results:

Prevention. Increased protective factors for families. Fewer families entering child welfare system. An additional 5000 families served through community based PSOP. More families having access to FGDM, parent mentors, basic needs, and other supports and services that meet their unique needs. This will result in more robust in-home case management, fewer out of home placements, and children who are in out of home care reaching permanency timelier.

Support for Adolescents. More youth experience increased safety, permanency and well-being; housing stability; financial assistance and improved outcomes.

FFPSA. Intended results are timely assessments completed by trained and certified professionals who are not connected to or affiliated with county, tribal or residential facilities to maintain objectivity.

IT Related Proposals:

N.A.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		4,274	4,274	46,623	46,603	93,226
HCAF						
Federal TANF						
Other Fund						
Total All Funds		4,274	4,274	46,623	46,603	93,226

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	45	Grants – Parent Support Outreach Program (PSOP)				7,000	7,000	14,000
GF	45	Grants – Family Group Decision-making (FGDM)				5,000	5,000	10,000
GF	45	Grants – Family Assessment Response				23,550	23,550	47,100
GF	45	Parent Mentors				5,000	5,000	10,000
GF	45	Grants – counties and tribes for support of youth through lowered caseloads		1,000	1,000	2,000	2,000	4,000
GF	45	Grants – to counties and tribes to make payments to you exiting foster care		600	600	1,200	1,200	2,400
GF	12	CFS Administration – Thriving Families Planning				30		30
GF	12	CFS Administration – Policy development to support youth leaving foster care		50	50	50	50	100
GF	45	Grants – FFPSA gap		1,175	1,175	1,148	1,148	2,296
GF	12	CFS FTEs		1,946	1,946	2,221	2,221	4,442
GF	11	DHS Ops FTE		208	208	236	236	472

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	REV1	FFP @ 32%		(705)	(705)	(812)	(802)	(1,614)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
				21	21	21	21	21

Statutory Changes:

None

FY 2022-23 Biennial Budget Change Item CF-46

Change Item Title: Preserving American Indian Families

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	846	963	963
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	846	963	963
FTEs	**0**	**12**	**12**	**12**

Request:

The Governor recommends investing $846,000 in FY 2023 and $1.926 million in FY 2024-25 for the expansion of the Indian Child Welfare Act (ICWA)[63] Unit at the Department of Human Services (DHS). Capacity is needed for this unit to effectively address the alarming rates of American Indian children entering Minnesota's child welfare system. The ICWA Unit's work is multi-faceted. As part of their work, some ICWA Unit staff monitor compliance with ICWA and the Minnesota Indian Family Preservation Act (MIFPA)[64]. Other staff provide consultation to American Indian Child Welfare Initiative (Initiative) tribes, manage grants to Minnesota's tribal nations and

[63] See: Indian Child Welfare Act, 25 US Code Chapter 21

[64] See: Minnesota Indian Family Preservation Act, Minn. Stat. §§ 260.751 to 260.835

urban Indian communities, engage with the ICWA Council, and advise the Child Safety and Permanency Unit on the impact child welfare statutes, policies, procedures, and prevention efforts have Indian children and families, and their significant overrepresentation in the child protection system.

Under this proposal, the ICWA Unit will add 12 full-time positions. One of these new staff will be an attorney specializing in ICWA practices. The others will: assist in ongoing development and expansion of culturally based prevention services for Indian children and families (two FTEs); ensure DHS has capacity to manage ICWA grants in accordance with Minnesota Statutes, section 260.785 (two FTEs); convene and facilitate a workgroup to update the Tribal/State Agreement (TSA) regarding Indian child welfare (one three-year temporary unclassified FTE); respond to reports of ICWA noncompliance, provide counties with timely technical assistance for improving ICWA/MIFPA compliance, and implement regional mapping sessions intended to better understand deficits in ICWA/MIFPA compliance (three FTEs); clear a multi-year backlog of ICWA and Minnesota Indian Family Preservation Act Compliance complaints (two 3-year temporary unclassified FTEs); and work with tribes to develop culturally based programs and services in response to sex trafficking and sexual exploitation of American Indian children and youth (one FTE).

Rationale/Background:

Indian Children in the Child Protection System

The ICWA was enacted in 1978 in response to a crisis affecting American Indian and Alaska Native children, families and tribes. At that time, studies revealed large numbers of Indian children were being separated from their parents, extended families, and communities by state child welfare and private adoption agencies. Research found that 25 to 35% of all Indian children were being removed and of these, 85% were placed outside of their families and communities even when fit and willing relatives were available.

Compared to white children, American Indian children experience a higher rate of involvement in the child welfare system. According to 2020 Minnesota child welfare data,[65] American Indian children:

- Have the highest rates of contact with Minnesota's child protection system.
- Are about 5 times more likely to be reported as abused or neglected than white children.
- Are 16.4 times more likely to experience foster care than white children.

The Minnesota Indian Family Preservation Act (MIFPA) was enacted in 1999 and updated most recently in 2015.[66] MIFPA strengthens and expands ICWA for Indian families in Minnesota, calling for greater tribal involvement, notification of tribes for voluntary proceedings and appropriate funding for provision of services to Indian children and families.

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[65] Minnesota Department of Human Services, Minnesota's Out of Home Care and Permanency Report, 2020. https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408Ma-ENG. Minnesota Department of Human Services, Minnesota's Child Maltreatment Report, 2020. https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408M-ENG.

[66] See Minnesota Statutes, section 260.751. https://www.revisor.mn.gov/statutes/cite/260.751.

American Indian Child Welfare Prevention Consultants

In 2019, the legislature funded initial staff to assist with the development and expansion of the evidence-based prevention services array that would meet Title IV-E requirements of the Family First Prevention Services Act (FFPSA). One of these positions was intended to focus on the culturally appropriate prevention and early intervention services for American Indian families.

However, the ICWA Unit needs additional prevention-oriented staff to more robustly expand DHS' prevention and early intervention work with American Indian families.

ICWA Grants Management

In 1999, the legislature appropriated $1.482 million through ICWA grants to tribes, Indian organizations, or tribal social service agency programs located off-reservation. This funding assists programs that serve Indian children and their families to provide primary support services for child welfare programs; placement, prevention and family reunification services; and crisis intervention to promote the goals of the ICWA and MIFPA. These resources are vital in advocating for Indian families coming to the attention of local social services agencies and/or judicial court proceedings. There are three specific primary funding sources: ICWA primary, special focus and compliance. Grant funding does not include administrative costs for grants management.

Ten tribal communities[67] and five Indian urban agencies[68] receive grant funding allocated through 21 ICWA grants established in accordance with Minnesota Statutes, section 260.785.[69] Currently, one full-time staff is managing 10 ICWA grants while assisting with the broader work of the ICWA Unit and acting as liaison to the ICWA Advisory Council. Another full-time staff manages 11 of the tribal grants, as well as 3 Whole Families Systems Grants. This same staff person is responsible for responding to ICWA and MIFPA noncompliance complaint resolution (see below).

The Whole Families Systems Grant is a collaborative effort between the Child Safety and Permanency, Child Care Services and Economic Assistance and Employment Supports Divisions in DHS to identify systemic and structural factors that contribute to inequities in access to services and supports experienced by Black, Indigenous, and other People of Color (BIPOC) communities. This effort engages many agencies that impact BIPOC communities, and Indian organizations are participants in this endeavor. ICWA unit staff, due to their expertise and knowledge

[67] Minnesota tribes that receive ICWA grants: Boise Forte Band of Chippewa, Fond Du Lac Reservation, Gichi-Onigaming/Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, Lower Sioux Indian Community, Mille Lacs Band of Ojibwe, Prairie Island Indian Community, Red Lake Nation, Upper Sioux Community and White Earth Nation.

[68] Ain Dah Yung Center, ICWA Law Center, Minneapolis American Indian Center, Minnesota Women's Indian Resource Center, and Northwest Indian Community Development Center

[69] See Minnesota Statutes, section 260.785. https://www.revisor.mn.gov/statutes/cite/260.785.

in working with American Indian and Alaskan Native communities, have taken on the role of assisting, guiding and providing cultural program grant management for three specific Whole Families System grantees[70].

Additional staff are needed to ensure DHS is able to manage ICWA grants effectively, ensure compliance with grant requirements, and provide timely consultation to grantees.

Human Trafficking – American Indian Response

American Indian children are disproportionately victims of sex trafficking or sexual exploitation. According to Social Services Information Systems (SSIS) data from May 29, 2017, to June 30, 2020, American Indian children were 6.2 times more likely than white children to be victims of sex trafficking or sexual exploitation (according to 2018 census population estimates). Twelve percent of victims were ICWA-eligible.

The ICWA Unit needs additional staff to work collaboratively with tribal communities to develop culturally based programs, services, and county and tribal child welfare staff training for responding to sex trafficking and sexual exploitation of American Indian children and youth, and their families.

Tribal State Agreement Updates

Tribal State Agreement (TSA) is an agreement signed by the DHS commissioner and the tribal chairpersons from the 11 tribal governments in Minnesota. The agreement addresses how the tribes and the State of Minnesota agree Indian children should be cared for under ICWA and MIFPA requirements. Federal law provides for such agreements, and specifically authorizes such agreements to address jurisdiction or powers of tribes and states regarding the care of Indian children.

The TSA represents the development of a comprehensive working relationship between DHS and each of the 11 tribes in Minnesota for the delivery of child welfare services. The agreement outlines policies and procedures agreed to by tribes and DHS, specifying the roles and duties of each in implementing child welfare services to Indian families and children.

The purpose of this agreement is to protect the long-term best interests of Indian children and their families by maintaining the integrity of tribal families, extended family and children's tribal relationships, as defined by the tribes. The concept of belonging is inherent to the best interests of Indian children; it is a reality for them only by recognizing the values and way of life of a child's tribe and supporting strengths inherent in social and cultural standards of tribal family systems. The foundation of the TSA is acknowledgement that Indian people understand the needs of their children and families, and that Indian children are the future of their tribes and vital to their existence.

[70] The ICWA Unit helps administer 3 Whole Family Systems Grants to: People Serving People, Minneapolis American Indian Center and Northwest Indian Community Development Center.

The TSA was originally signed by the commissioner and tribal chairs in 1999, with amendments made in 2007. DHS and the 11 tribes agree the TSA needs to be updated. Temporary staff will be needed to coordinate the work of updating the TSA.

ICWA and MIFPA Noncompliance Complaints

As a part of the TSA, DHS established a process of maintaining and monitoring county compliance with ICWA and MIFPA requirements and responding to complaints of noncompliance. (See above for more information on the TSA.)

Allegations of noncompliance regarding a county agency can made by any person, agency or entity that believes noncompliance has occurred through a formal submission of a complaint. The TSA requires that complaints be responded to within three days of receipt, followed by timely research, resolution, and robust technical assistance to counties to prevent future noncompliance.

Prior to 2016, DHS received approximately one to three noncompliance complaints each year. In 2016, DHS received 16 complaints. The number of complaints has steadily increased since 2016, averaging 30 noncompliance complaints per year from 2017 to the present. One staff person in the ICWA Unit is charged with responding to noncompliance complaints, while also managing 11 tribal grants and 3 Whole Family Systems grants, providing equity policy consultation, and serving as a liaison to the ICWA Advisory Council.

This staffing level is inadequate and has resulted in a backlog of 108 noncompliance complaints made since 2017. Additional staff are needed to fulfill this important responsibility.

Additional staff will ensure DHS can fulfill our obligation to Indian families and tribes by responding efficiently and effectively to noncompliance complaints. Additional staff will also ensure the ICWA Unit can provide robust technical assistance to counties to improve compliance with ICWA and MIFPA, as well as identify gaps in training and understanding, and other barriers contributing to noncompliance.

ICWA/MIFPA Attorney

The ICWA Unit does not have an attorney with specialized experience in ICWA/MIFPA or other tribal laws and practices. An attorney with this specialization is necessary to advise the agency when developing policy, procedures, and guidance to local agencies, as well as updating statutory provisions that impact Indian children and families. The state has an obligation to engage and consult with Minnesota's Indian tribes and urban Indian communities. Specialized legal knowledge is a key element in ensuring that such engagement and consultation is authentic and grounded in a recognition of tribal sovereignty.

Proposal:

This proposal would fund nine permanent and three temporary (3 years) full-time positions in the ICWA Unit. Each employee's first year costs include standard one-time new employee costs, such as supplies, training, and technology access. This is standard practice for new staff across the agency.

American Indian Child Welfare Prevention Consultants – 3 FTEs

Currently, DHS has one prevention services consultant working specifically to address services for Indian families. This proposal provides three additional prevention services staff to partner with rural and urban tribal communities throughout the state. These staff will expand DHS' development of culturally specific prevention services to ensure that they are compliant with FFPSA prevention program requirements and are integrated with existing prevention and ICWA and MIFPA compliance efforts. These positions would strengthen our partnership with behavioral health (CMH and DD services), and would enable further support, guidance and resources to be developed around Indian children receiving voluntary services. Other gaps of concerns that could be addressed include recruitment of Indian family foster parents, guidance on family preservation, rapid consultation with counties, and consultation with the 11 Minnesota Tribes and urban Indian communities and agencies.

ICWA Grants – 2 FTEs

Currently, DHS has two FTEs assigned to manage ICWA grants and fulfill other duties. This proposal provides two additional full-time ICWA Unit employees to more effectively and efficiently manage ICWA grants, assist tribal communities and urban tribal agencies, and ensure compliance with grant requirements. Historically, inadequate staffing has impacted the ICWA Unit's ability to execute grant contracts in a timely manner in accordance with Chapter 16A. Additional staff would enable the ICWA Unit to better meet statutory timelines, deliver technical assistance to tribes more quickly, and more robustly and authentically engage with tribal nations/communities and Indian urban agencies.

Human Trafficking American Indian Response – 1 FTE

Currently, DHS does not have staff to address the sex trafficking and sexual exploitation of Indian children and youth. This proposal provides one full-time position to create, in consultation with the Minnesota Department of Health, tribal-specific and culturally responsive child welfare policy and practice for responding to sex and labor trafficking and sexual exploitation of American Indian children. This work will be specific to American Indian youth at-risk of and/or experiencing trafficking or exploitation. The position will enable DHS to develop close partnerships with tribal nations and collaboratively strengthen tribal child welfare agency and tribal attorney responses to trafficking or exploitation of minors by supporting and building relationships with individual tribes and the ICWA Advisory Council. The position will also support and contribute to the ongoing work to improve multidisciplinary protocols, training and resources in improving the response to individual American Indian children and families impacted by trafficking or exploitation.

Tribal State Agreement – 1 FTE (temporary unclassified)

Currently DHS does not have staff with capacity to manage the lengthy consultation process required to update the TSA. This proposal provides one temporary (three years) unclassified position to coordinate, facilitate, and manage workgroups for engaging tribal, county and department representatives in a process to mutually agree upon updates to the TSA, including those necessary to make the TSA consistent with 2015 legislative changes to MIFPA and changes to BIA regulations that were effective in 2016.

In addition, $1,000 is needed for travel expenses each year to adequately engage with communities across the state.

ICWA and MIFPA Noncompliance Complaints – 2 FTEs + 2 FTEs (temporary unclassified)

Currently, DHS has one FTE assigned part-time to respond to complaints of ICWA and MIFPA noncompliance. This proposal provides two additional full-time ICWA Unit employees to ensure DHS can respond to new ICWA and MIFPA noncompliance complaints in a timely manner, and assist local county agencies in meeting ICWA and MIFPA requirements. These positions will also assist with relationship building and problem solving between tribes and counties when needed; help develop and implement corrective action plans due to noncompliance; monitor compliance; and facilitate regional mapping sessions to better understand systemic challenges in meeting the requirements of ICWA/MIFPA. The work of these staff directly benefits Indian families and tribes who have submitted complaints by resolving them and assisting in the quality of county child welfare work with Indian children and families.

This proposal also provides two temporary (3 years) unclassified positions to respond to and eliminate the backlog of 108 ICWA and MIFPA noncompliance complaints that have built up since 2017 due to inadequate staffing.

ICWA/MIFPA Attorney

Currently, DHS does not have an attorney specializing in ICWA and MIFPA practice. This proposal provides one staff attorney to act as a liaison in partnership with the Child Safety and Permanency Division-Children's Justice Initiative Attorney on child welfare ICWA/MIFPA tribal specific issues, and represent DHS in ongoing around Children's Justice Initiative ICWA committee work related to ICWA and MIFPA practice, development of standardized ICWA and MIFPA guidance for courts, attorneys, guardians ad litem, and others. Furthermore, this position would assist with direction and implementation of ICWA/MIFPA requirements, work with American Indian Child Welfare Initiative tribes on issues such as data sovereignty, review and provide guidance on written resources, manuals, bulletins, and forms specific to legal requirements, and provide legal advice on issues involving Indian children in the child protection system.

Impact on Children and Families:

This proposal intends to have a direct impact on reducing the number of county agencies out of compliance with meeting federal and state child welfare requirements through a collaborative, non-blaming and shaming process inclusive of agencies, individuals and tribes impacted by the child welfare system. These positions would assist tribal agencies and county agencies in providing the full protections afforded through federal and state requirements when working with American Indian children and families in the Minnesota's child welfare system. This will assist in keeping Indian children connected with their family and tribal community.

Impact to Counties:

During ICWA Unit technical assistance, county staff have repeatedly indicated that technical assistance and consultation has benefitted their ability to make changes with practice around implementation of ICWA and

MIFPA. Ensuring the ICWA Unit has capacity to provide technical assistance in a timely way will better ensure counties can make changes and improve practices intended to comply with ICWA and MIFPA requirements.

Impact to Tribes:

The proposed additional positions will enable DHS staff to timely execute contracts, increase county and tribal supports, and foster authentic engagement with Tribal/Indian Urban agencies in the ICWA Unit's ongoing efforts to provide guidance and technical assistance in meeting contract goals. DHS has discussed this proposal with the ICWA Advisory Council. The Council has indicated support for additional staff. This proposal will enable DHS to engage with Minnesota's 11 tribes to update the TSA to reflect changes to MIFPA and BIA statutes and regulations. An updated TSA will help ensure that counties are following requirements, and engaged in best practices, including providing culturally specific services to Indian families.

Equity and Inclusion:

This proposal creates an expansion of the ICWA Unit so staff will be able to respond to counties, tribes, urban Indian communities and agencies, families, and others who are impacted by the social services system. Timely responses, authentic engagement should help address inequities for Native Americans, and decrease their disproportionate overrepresentation in the child welfare system.

IT Related Proposals:

Not applicable.

Results:

This proposal will better ensure the ICWA Unit can meet statutory timelines for grants, and provide technical assistance to grantees, in a timely manner. This proposal will allow DHS to respond to complaints of ICWA and MIFPA noncompliance, and clear a backlog of cases, some dating back to 2017. Funding a position to coordinate updates to the TSA will result in a refreshed agreement between DHS and tribal communities that incorporates current culturally-based child welfare services and practices that best meet the needs of Indian children and families, and acknowledges and respects tribal jurisdictional authority and sovereignty.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		846	846	963	963	1,926

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF						
Federal TANF						
Other Fund						
Total All Funds		846	846	963	963	1,926

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
1000	12	Children and Family Services Admin		1,243	1,243	1,415	1,415	2,830
1000	12	Travel for Tribal-State Agreement update		1	1	1	1	2
1000	REV1	Admin FFP @ 32%		(398)	(398)	(453)	(453)	(906)

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
1000	12	Children and Family Services Admin		12	12	12	12	12

Statutory Change(s):

Not applicable.

FY 2022-23 Biennial Budget Change Item CF-51

Change Item Title: American Indian Child Welfare Initiative Planning – Mille Lacs Band of Ojibwe

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	1,336	2,754	83
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	1,336	2,754	83
FTEs	**0**	**1**	**1**	**1**

Request:

The Governor recommends investing $1.336 million in FY 2023, $2.754 million in FY 2024, and $83,000 in FY 2025 to support the activities necessary for Mille Lacs Band of Ojibwe (MLBO) to implement Minnesota's American Indian Child Welfare Initiative (Initiative).

Rationale/Background:

Government systems have a long history of disproportionate removals of American Indian children from their families, leading to generational trauma and contemporary challenges for American Indian families. Minnesota leads the nation in disproportionality for American Indian children in the child welfare system. The Indian Child Welfare Act recognizes Tribal Nation self-governance over child welfare matters.

The Initiative was created by the legislature in 2005 to support tribal sovereignty over child welfare matters, as well as to address the disproportionate overrepresentation of American Indian children in foster care and the lack of culturally specific services provided to American Indian families in the child welfare system.[71] The Initiative provides Tribal Nations with funding to operate culturally based child welfare services to American Indian families, which has resulted in improved service delivery and outcomes.

The Initiative has been proven successful by the three Tribal Nations that have implemented it – White Earth Nation, Leech Lake Band of Ojibwe, and as of January 1, 2021, and Red Lake Nation. The three Initiative tribes have excelled in safety, permanency, and wellbeing indicators for families as demonstrated in their Child and Family Service Reviews. Most importantly to the Initiative, there have been decreased placements of American Indian children in foster care, and increased family preservation. Tribal Nations have provided culturally based services to families shown to be more effective; that were not previously provided. They have experienced increased relative placements and increased safe and stable placements with family members and Tribal community members for those in care.

The Initiative funding has allowed Tribal Nations the ability to build internal infrastructure, staffing, and services necessary to achieve these outcomes. Simultaneously this has decreased jurisdictional questions and concerns between counties and tribes around child welfare issues, as well as alleviated county responsibility and financial concerns. At the heart of the Initiative, Tribal communities and families have seen direct results and improved outcomes.

Title IV-E of the Social Security Act is a federal program providing financial support to states and tribes to improve the quality of foster care, kinship and adoption services. DHS has entered into Title IV-E agreements with the Leech Lake, Mille Lacs Bands of Ojibwe and Red Lake and White Earth Nations. A Title IV-E agreement must be in effect before the tribes can access federal reimbursement for foster care program costs for children for whom tribal social services agencies are responsible. Eligible costs include administrative, training and out-of-home placement expenses.

The purpose of this proposal is to allow MLBO Family Services (MLBO's child welfare program) sufficient time to purposefully plan for implementation of the Initiative. Specifically, to ensure the MLBO's successful implementation of the Initiative, the MLBO needs guidance, support, and time to:

- Develop knowledge regarding of all the federal requirements needed to operate a Title IV-E compliant system. The Tribal Nation and the State implement the Title IV-E Foster Care Maintenance Agreement. The Tribal Nation agrees to comply with all federal Title IV-E requirements. The State will provide training, technical assistance and support to assist the Tribal Nation in meeting Title IV-E federal requirements.
- Build program infrastructure and capacity to meet the needs of federal requirements and needs of MLBO families in order to improve outcomes. Infrastructure and capacity include development of

[71] See: Minn. Stat. 256.01, subd. 14b.

policies, procedures, and tribal codes to support MLBO's child welfare programming, as well as hiring staff that will provide child welfare services.
- Implement necessary agreements with local counties and DHS, as well as to create internal systems and edit necessary policies, codes, and other guiding documents.
- Obtain necessary data and information to appropriately plan for funding requirements to implement the Initiative and introduce a legislative funding request.

DHS will assist MLBO Family Services by providing tools and resources, such as coordination with the Social Services Information System, MN.IT, and Children's Research and Evaluation, necessary to achieve readiness for implementation of the Initiative. The phased-in planning (outlined below) will allow MLBO time to build capacity around family preservation services, culturally based services for families, differential response and family support, capacity to meet Title IV-E requirements, improved foster care services, improved workforce development, and caseload management, prior to full implementation of the Initiative. The resulting outcomes will be creation of family preservation programming and family intervention and support services; reduced placements of children in foster care; increased case management capacity in child welfare and foster care; development of Title IV-E programming and sustainable compliance and enhanced visitation and connectedness for children and families.

Proposal:

This is a phased-in planning proposal to allow for full implementation of the American Indian Child Welfare Initiative by Mille Lacs Band of Ojibwe.

Phase 1: July 1, 2022 - June 30, 2023

Budget: $1,263,000

MLBO intends to use planning funds for Phase 1 to hire employees dedicated to Initiative readiness and development, engage consultants with experience in Initiative planning and implementation, begin direct services to families to improve wellbeing and enhance family preservation and reunification, and pay for administrative costs (including office equipment, transportation and staff development).

Activities include:
- Hire 9 MLBO FTEs to build foster care program, Title IV-E and Medicaid program, Family Preservation and Intervention program, Differential Response program, policies, Initiative leads, cultural supports, consultants.
- Support for development of family intervention services, reunification services, foster care services, cultural services.
- Travel and training for staff hires.
- Office and administrative costs of operation.

Phase 1 includes implementation of a strategic plan to prepare MLBO for Initiative readiness. Multiple contracts and agreements will be drafted that are required for the Initiative; this process will include meetings and negotiations with the seven counties associated with MLBO and DHS. MLBO internal codes, policies, and systemic changes will be addressed that are necessary to meet federal requirements for reimbursement. MLBO

infrastructure building and capacity development will continue with workforce development and programmatic expansion. Included in Phase 1 is family intervention, preservation and support, as well as differential response development intended to improve point-of-entry services and support to families. Phase 1 may result in immediately improved outcomes for MLBO families even prior to full implementation of the Initiative by increasing community involvement and elders' knowledge of traditional child rearing practices. Capacity building with additional case managers and foster care staff will also result in workforce development improvements and systemic improvements for families. Development of Title IV-E and other systems requirements and training necessary for federal reimbursements and requirements will be achieved during Phase 1.

Phase 2: July 1, 2023 - June 30, 2024

Budget: $2,670,859

MLBO intends to use planning funds for Phase 2 to hire additional employees and provide necessary training to newly hired staff to take over child welfare cases upon joining the Initiative, as well as to support ongoing consulting services and a more robust direct services program, and continue to pay for administrative costs (including office equipment, transportation, and staff development).

Activities include:

- Hire an additional 13 MLBO FTEs to increase and improve infrastructure and capacity building for foster care program, Title IV-E and Medicaid program, Family Preservation and Intervention program, Maltreatment Intake, Differential Response program; agreements, contracting, financial, and business; legislative proposal work; court work; Initiative leads, cultural supports, consultants.
- Support ongoing development and implementation of family intervention services, reunification services, foster care services, cultural services.
- Travel and training for staff hires.
- Office and administrative costs of operation.

The MLBO will continue to finalize a multitude of contracts and agreements required for implementation of the Initiative. Development of MLBO internal codes, policies, and other systemic changes necessary to implement the Initiative will continue to completion. Workforce and systemic development will be achieved through hiring and training of staff.

It is expected that this proposal will enable MLBO to achieve readiness to join the Initiative and begin phasing in cases from counties beginning July 1, 2024. To ensure implementation by the targeted date, ongoing base funding will be needed starting in state fiscal year 2024. The planning work in this proposal will enable MLBO to develop data and other information necessary to inform their base funding needs.

Social Services Information System Staff

To support the MLBO's planning for and use of the Social Services Information System (SSIS), and ensure that all requirements/mandates are met, one temporary (3 years) unclassified employee who would be a subject matter expert dedicated to working on all of the SSIS-specific needs is required. This position must apply knowledge of child welfare policies, understand the needs of the MLBO and the Initiative agreement, and understand SSIS

functionality to analyze business/policy requirements and support the MLBO in using SSIS for child welfare work as they transition into being an Initiative Tribe.

The position will collaborate closely with MLBO, MN.IT, and DHS staff to ensure that the information system meets all policy and program requirements and is a functional solution for end users. This position will function as a primary liaison to MNIT technical partners, state policy staff, and MLBO staff for this project. The position will be responsible for providing information to the MLBO related to system operations, functionality, reporting requirements and other collaborative work to define business needs and translate those into requirements for MNIT. The position will work to assess business needs for the MLBO. In preparation for system use, this position will be responsible for supporting system use for MLBO users, including providing training and technical assistance on complex system/policy issues for the duration of the project.

Impact on Children and Families:

Enabling MLBO to move toward joining the Initiative will help ensure American Indian children and families receive culturally based family preservation programming, and family intervention and support services intended to support family connectedness. Culturally appropriate services will address the specific needs of American Indian children and families, and be attuned to the historical and present trauma they experience.

Equity and Inclusion:

This proposal is intended to support greater equity for American Indian children and families involved in the child welfare system. American Indian children are 23 times more likely than white children to be in out-of-home care in Minnesota. The Initiative is part of a solution that promotes Tribal self-governance over child welfare matters. The Initiative provides Tribal Nations with funding to operate culturally based child welfare services to American Indian families, thereby improving service delivery and outcomes. Previous implementation of the Initiative in other Tribal Nations has provided promising and positive outcomes for American Indian families.

DHS also supports proposals that advance Tribal and rural geographic equity. The MLBO and associated counties are located in a rural geographic area. The MLBO has expressed interest in advancing planning toward the Initiative in order to improve services to MLBO families. Counties associated with MLBO have expressed support of the Initiative advancing. This proposal, if fully implemented and funded after sufficient planning and support, would create positive outcomes for rural American Indian families, the counties impacted, and the Mille Lacs Band of Ojibwe. Sufficient time and resources for planning, capacity building, and infrastructure development is necessary for the MLBO to successfully implement this project.

Impact on Counties:

Initiative Tribes assume child welfare responsibilities for American Indian children of that tribe. The affected county social service agencies are relieved of responsibility for responding to reports of abuse and neglect under section for those children. Counties involved in the Initiative have had decreased caseload sizes, increased resources, and decreased staffing needs as a result.

Impact on Tribes:

This proposal, if fully implemented and funded after sufficient planning and support, would create positive outcomes for rural American Indian families, the counties impacted, and MLBO. Positive outcomes would be created by delivering culturally appropriate and specific social services to tribal children and families.

IT Related Proposals:

This proposal seeks one temporary (3 years) unclassified position. Some specific work would include:

- Provide information on SSIS (high level, basic structure, functionality, security, etc.).
- Based on agreement, define business requirements for system work/changes (e.g., workgroups that will be needed, defining what workgroups will be transitioned to the MLBO, etc.).
- Work with the MLBO on developing their plan for supporting use in SSIS (e.g., mentors).
- Serve as a touchpoint for all county agencies for this work, providing communication on dates, plan, requirements, technical issues, etc.
- Coordinate user acceptance testing with the MLBO and MNIT/SSIS.
- Troubleshoot system requirement issues during active implementation.

Provide technical assistance on any issues post go-live (consult on cases, including researching problems and potential solutions, report and coordinate data fix needs to the Data Fix team, find additional resources as needed for issues, etc.).

Results:

This proposal will provide MLBO with the funding necessary to finalize planning and the initial implementation steps needed to join the Initiative on July 1, 2024. Previous implementation of the Initiative in other Tribal Nations has provided promising and positive outcomes for American Indian families.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY24-25
General Fund		1,336	1,336	2,754	83	2,837
HCAF						
Federal TANF						
Other Fund						
Total All Funds		1,336	1,336	2,754	83	2,837

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY24-25
GF	45	Children Services Grants		1,263	1,263	2,671	0	2,671
GF	12	Children and Families FTE – 17L		107	107	122	122	244
GF	REV1	Admin FFP @ 32%		(34)	(34)	(39)	(39)	(78)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
1000	11	Children and Families Admin		1	1	1	1	1

Statutory Changes:

None

FY 2022-23 Biennial Budget Change Item CF-50

Change Item Title: Family First Prevention Services Act (FFPSA) Implementation Phase 3

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	516	392	392
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	516	392	392
FTEs	**0**	**3**	**3**	**3**

Request:

The Governor recommends investing $516,000 in FY 2023 and $784,000 in FY 2024-25 for the third phase of implementation of the federal Family First Prevention Services Act (FFPSA)[72] to mitigate the impact on children's residential services and increase state capacity for evidence-based and culturally-appropriate services to prevent out-of-home placement.

[72] The Family First Prevention Services Act can be found in Title VII of the Bipartisan Budget Act of 2018 here: Public Law 115-123, @ sec. 50701.

In the 2019 and 2021 legislative sessions, the legislature provided initial resources to develop the state infrastructure that will assist the Department of Human Services (DHS) in meeting the requirements of the FFPSA and support the initial stages of implementation by investing in staff and computer system changes. This proposal continues the state's ongoing implementation efforts.

Rationale/Background:

The FFPSA seeks to encourage enhanced support to children and families and prevent foster care placements through the provision of evidence-based mental health and substance abuse prevention and treatment services, in-home parent skill-based programs, and kinship navigator services. The FFPSA also places stricter standards on congregate foster care settings and requires additional background studies for staff working in those settings. To meet these requirements and on-going implementation, additional staff and systems changes are necessary.

FFPSA and Qualified Individuals

To encourage states to rely less on congregate care settings, the FFPSA established stricter standards for placement of children in congregate foster care settings, which in turn will reduce federal Title IV-E reimbursements paid to child protection agencies for this type of foster care. In Minnesota, those agencies are counties and tribes. Federal Title IV-E funding is the foster care, kinship assistance and adoption assistance provision of the Social Security Act. Prior to the FFPSA, Minnesota counties and tribes could receive federal reimbursement for 50% of foster care costs for Title IV-E eligible children. Under the FFPSA, which became effective on October 1, 2021, Title IV-E eligible children who are placed in congregate care settings that are not family foster homes are eligible for only two weeks of federal reimbursement. After two weeks, counties and tribes become 100% responsible for the cost of care in a facility that does not meet FFPSA requirements.

Changes to state statute to comply with FFPSA standards were enacted during the 2019, 2020 and 2021 legislative sessions.

One of the new federal requirements is an assessment of whether or not a child can receive services within their family or community setting instead of placement in a residential treatment facility. This assessment must be completed by a qualified individual who can be either a licensed clinician or member of the community who becomes a trained professional. The assessment is to be conducted within the context of a child's culture and community, so it is critical that culturally competent qualified individuals be available to serve the children from Black, Indigenous and other People of Color (BIPOC) and Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities who are in foster care. BIPOC and LGBTQ children are overrepresented at all points in the child protection system, including placements in foster care.

A qualified individual must be certified to administer the Child and Adolescent Strengths and Needs (CANS) assessment tool. All qualified individuals must have a background check and attend a two-day training on their role and responsibilities and use of the CANS. There is an annual re-certification that is required. This proposal recommends paying for the annual cost of maintaining the CANS certification for qualified individuals.

FFPSA Prevention Services

While shifting costs for congregate foster care placements to the states, the FFPSA also provides the opportunity for states to access Title IV-E funding for services that were previously ineligible for IV-E reimbursement. This new funding stream permits prevention funding under Title IV-E for the delivery of evidence-based services that prevent out-of-home placement. While states are not required to seek Title IV-E funding for prevention services, the FFPSA gives Minnesota the opportunity to build a robust prevention program that expands the number of children and families served while utilizing collaborative efforts, research and data to deliver the most effective evidence-based services.

The capacity-building created by this proposal should result in more children being served with their families or kin prior to a potential removal from the home and placement in a foster care setting.

Systems Changes

Ongoing implementation of the FFPSA impacts the Social Service Information System (SSIS). An automated process ensuring the efficient and consistent use of the CANS tool as a step in determining a child's Title IV-E foster care candidacy eligibility and approval requires that it be integrated into SSIS.

Proposal:

This proposal supports Minnesota's ongoing FFPSA implementation efforts by investing in a new Qualified Individual Grant Program; enhancing state capacity to implement new or expanded Title IV-E eligible prevention services through additional staff; integrating the CANS tool into SSIS, and providing additional MNIT staff whose work will focus on the maintenance and enhancements of the FFPSA elements of SSIS. All staff costs include one-time up-front costs to cover the new employee expenses such as technology, supplies and employee development. This is standard budgeting practice for the agency.

Qualified Individual Grant Program

The Qualified Individual Grant Program would provide funding to cover the ongoing costs for qualified individuals to maintain their CANS certification. DHS anticipates that at least 200 qualified individuals will be needed statewide based upon the number of residential treatment placements a year and estimated number of facilities that will become qualified residential treatment programs. Cost of re-certification is $12 per qualified individual per year for an annual cost of $2,400.

FFPSA Prevention Services Implementation Team

To implement new and/or expanded prevention services that can be included in Minnesota's Title IV-E Prevention Services five-year plan, especially those that are culturally relevant for children overrepresented in the child welfare system, additional capacity is needed. As services are identified for inclusion in Minnesota's prevention services array, comprehensive Continuous Quality Improvement (CQ) and evaluation plans need development, planning, implementation, and ongoing oversight in order to meet FFPSA requirements. As

additional services are identified and added to the state's prevention plan, additional staff are required. This proposal includes three additional staff for DHS' Prevention Services Implementation Team:

- *Prevention services implementation staff*
  1 FTE to implement new and/or expanded prevention services and the requirements to develop, plan, implement and provide on-going oversight in order to meet FFPSA requirements.
- *Prevention services research analyst*
  1 FTE to monitor implementation of the FFPSA Five Year Prevention Services Plan, once it has been federally approved, and implement and monitor data sharing agreements and support federal FFPSA reporting elements.
- *Child Welfare Training Academy trainer*
  1 FTE to provide ongoing trainings and maintain course curricula on the FFPSA.

Systems Changes

The projected cost for integration of the CANS into SSIS is $318,297 in FY2023 with a maintenance cost of $63,685 ongoing.

MNIT Business Analyst Staff

Two new business analyst positions are needed to enhance and maintain FFPSA portions of SSIS to comply with federal FFPSA regulations and associated Title IV-E requirements. These positions will provide continued support for federal and state legislative enhancements for the provision of prevention and placement services and facilitate fiscal processes to capture Title IV-E-related data for those services in the following areas: new fiscal claiming of Title IV-E dollars; new Permanency modules; new QRTP Placement modules; new CANS Assessment Tool; new Out-of-Home Placement Plan functionality; and new Prevention Services.

Impact on Children and Families:

The capacity-building created by this proposal should result in more children being served with their families or kin prior to a potential removal from the home and placement in a foster care setting. This proposal should also help ensure that children and families from African American, Native American, two or more races or who may be LGBTQ have access to a qualified individual from their communities.

Equity and Inclusion:

Disproportionality among children experiencing out-of-home care remains an ongoing challenge for the Minnesota child welfare system, paralleling opportunity gaps experienced by American Indian and African

American children and families, and LGBTQ youth across the state. This proposal should result in more children, including African American and American Indian children, being served with their families or kin prior to a potential removal from the home and fewer placements in residential treatment facilities. Data on these aspects will be tracked through the implementation across the state.

Impact to Counties:

Counties will benefit from the department incorporating the QRTP assessment (CANS) in the Social Services Information System as well as the having the eligibility and approval process for determining Title IV-E candidates. This will reduce administrative time and costs and may result in increased access to Title IV-E reimbursements.

Ensuring the availability of properly trained and certified qualified individuals will help ensure counties can meet FFPSA requirements for placement of a child in a QRTP and may result in increased access to Title IV-E reimbursements.

Impact to Tribes:

Tribes participating in the American Indian Child Welfare Initiative (Initiative Tribes) will benefit from the department incorporating the QRTP assessment in the Social Services Information System as well as the having the eligibility and approval process for determining Title IV-E candidates. This will reduce administrative time and costs and may result in increased access to Title IV-E reimbursements.

Ensuring the availability of properly trained and certified qualified individuals will help ensure Initiative Tribes can meet FFPSA requirements for placement of a child in a QRTP and may result in increased access to Title IV-E reimbursements.

IT Related Proposals:

This proposal includes costs to integrate the CANS assessment tool and foster care candidacy into SSIS. The projected total cost for these provisions to implement is $318,297 with maintenance cost of $63,685. The fiscal detail section of this proposal reflects state share.

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll		274,714,	142,316	142,316	142,316	142,316
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Enterprise Services		5,773	5,773	5,773	5,773	5,773
Staff costs (MNIT or agency)						
Total		280,487	148,089	148,089	148,089	148,089
MNIT FTEs		3.58	2.32	2.32	2.32	2.32
Agency FTEs						

Results:

This phase of implementation of the FFPSA requirements should result in increased placements with relatives, increase the ability of relatives to care for children, and ensure families are able to provide the necessary supports for children who are candidates for being at imminent risk of entering foster care but who can safely remain in the child's home or in a kinship placement as long as services or programs that are necessary to prevent the entry of the child into foster care are provided. Efforts to support children and their families at risk of out-of-home placement should reduce the actual number and length of placements and the resulting costs associated with placements. Interim measures to reach this long term outcome of reducing the number of children in care, and in congregate care settings in particular, are to ensure that the appropriate services are available for eligible children.

- Data on existing child welfare measures, including data by race/ethnicity and by age of child, can be found on public Minnesota child welfare data dashboard can be found on the child welfare dashboard (public). In addition, data is and will continue to be maintained on the number of allegations and substantiations of child maltreatment, as well as out-of-home placements of children, by race/ethnicity. Additional data can be found in the 2020 Child Maltreatment Report and the 2020 Out-of-Home Placement report.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		516	516	392	392	784
HCAF						

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
Federal TANF						
Other Fund						
Total All Funds		516	516	392	392	784

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	Children and Families' Admin		351	351	365	365	730
GF	45	Children Services Grants		2	2	2	2	4
GF	11	MNIT FTEs-SSIS (state share at 52%)		109	109	109	109	218
GF	11	Systems (state share at 52%)		166	166	33	33	66
GF	REV1	Admin FFP @ 32%		(112)	(112)	(117)	(117)	(234)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
1000	12	Children and Family Admin		3	3	3	3	3

Statutory Change(s):

Not applicable.

FY 2022-23 Supplemental Budget Change Item CF-58

Change Item Title: Connecting Minnesotans to Services and Supports

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	5,607	5,607	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	5,607	5,607	0
FTEs	**0**	**3**	**3**	**0**

Request:

The Governor recommends an investment of $5.607 million in FY 2023 and $5.607 million in FY 2024 from the general fund to connect Minnesota children and their families to additional services and supports, including the federal child tax credits.

Rationale/Background:

The COVID-19 pandemic led to lost jobs, increased homelessness, and greater demand on food shelves. The pandemic exacerbated economic disparities in Minnesota and a long-term trend in child poverty.

Of particular concern are the approximately 143,000 Minnesota children living in poverty in 2019 and, among them, the more than 60,000 who are living in deep poverty.[73] Children living in poverty experience hunger, homelessness or unstable housing, poor school achievement, and poorer health. These children and their parents are more likely to experience preventable emergency room visits and hospitalizations and have mortality rates two times higher than others covered by Medical Assistance in Minnesota.[74]

Many Minnesota workers who are immigrants and their families have been ineligible for economic relief and public assistance help during the pandemic but often work in essential jobs that have carried high risk of COVID exposure.

Federal Child Tax Credits

Federal child tax credits have been available until 2021 to middle- and high-income families. For 2021, the federal government expanded child tax credits to include low-income and very low-income families. These changes may be made permanent in the future.

To receive the expanded federal child tax credit, a family must file a federal income tax return. Many families do not file taxes because their earnings are so low they owe no federal taxes and they are unaware of refundable tax credits. U.S. Treasury data indicates that $178 million in child tax credits are available to Minnesota families who have not yet filed for those credits. Another $135 million is available but unclaimed for short-term federal COVID relief payments.

The expanded federal child tax credit could operate in combination with cash assistance and Supplemental Nutrition Assistance Program benefits to stabilize the lives of children and families, and help them move out of poverty. A summary of research by Columbia University about the impact of the first six months of the federal Child Tax Credit forecasts particularly large reductions in poverty for Black, American Indian and Latinx children whose families access the child tax credit.[75]

Proposal:

This proposal invests general funds to address challenges for children and families affected by the economic impacts of the COVID-19 pandemic. These investments are for continuity of helpline and other services as well as a new outreach initiative at the Minnesota Department of Human Services (DHS).

Community Support Services

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[73] "Deep poverty" refers to having a household income below half of the federal poverty line.

[74] Minnesota Department of Human Services (2020). We Definitely Struggle . . . The Worry is Always There: Improving the Health of People living in Deep Poverty. https://edocs.dhs.state.mn.us/lfserver/Public/DHS-8061-ENG.

[75] Research Roundup of the Expanded Child Tax Credit: The First Six Months, Megan Curran, Poverty and Social Policy Report, December 22, 2021.

This proposal includes an investment of $5.111 million in fiscal year 2023 and $5.083 million in fiscal year 2024 to temporarily expand existing community support services to serve an additional 5,000 households. The expanded community support services would include:

- A multilingual statewide helpline that helps connect people to services and supports during the ongoing pandemic and post-pandemic recovery.
- Services currently administered by the Resettlement Programs Office at DHS, including employment counselors to help adults find work; coaches to help children struggling in school or adults with vocational goals; health care service navigators to respond to immediate needs; and community education.
- Outreach, community engagement, and interpreter and translation services.
- Resources to families needing emergency help to secure diapers and infant formula.

This investment includes 2 temporary FTEs at DHS to oversee and manage the expanded community service contracts, building off 9 existing contracts with networks encompassing 25 organizations. The organizations are community-based non-profits with proven track records and with regional and cultural expertise.

Implementation would begin July 1, 2022.

Child Tax Credit and COVID-19 Relief Payments – Outreach and Research

This proposal invests $532,000 in fiscal year 2023 and $536,000 in fiscal year 2024 for a temporary outreach and research initiative aimed at addressing systemic economic barriers for children living in poverty by improving the take up rate of Minnesota families for the child tax credit. Outreach and research activities funded by this proposal include:

- **Communications** – DHS will use existing administrative data from its public assistance programs to do mailings, use social media and send texts to alert eligible families to the availability of the tax credits and the means for accessing them.
- **Research partnerships** – DHS will conduct qualitative research through focus groups or surveys. This work will use state and federal administrative data to measure impact and identify any patterns of access or barriers. Focus groups before and during the outreach campaign would be used to identify the most effective information and delivery method. Research partnerships would help determine the impact of the outreach.

This investment provides 1 two-year temporary FTE at DHS to manage the communications, outreach, and research efforts. Implementation would begin July 1, 2022.

Impact on Children and Families:

According to a recent report by Children's HealthWatch, while overall rates of food insecurity across the country remained stable between 2019 and 2020 – likely a result of robust investments in relief programs – families with young children, families of color, and immigrants faced increased economic hardship during the pandemic.

Compared to pre-pandemic levels, food insecurity and being behind on rent increased significantly for families with young children from September 2020 to March 2021.Families who have had access to the child tax credits have been more likely to be able to meet such basic needs.

Compared to pre-pandemic levels, families with immigrant mothers had greater odds of increased economic hardship during the pandemic than those with US-born mothers. Federal stimulus payments significantly reduced the odds of food insecurity during the pandemic for all families, but families with immigrant mothers reported lower receipt of these payments and lower rates of participation in the Supplemental Nutrition Assistance Program (SNAP) than families with US-born mothers.[76] The Community Services initiative is to help those families to connect with public and community resources for which they might be eligible.

Equity and Inclusion:

Most forms of financial relief for families and individuals come through federal programs which categorically exclude some vulnerable Minnesota residents. The majority of these Minnesotans come from immigrant communities. This proposal seeks to fill this gap and ensure all Minnesotans have access to the supports they need as communities recover from the impacts of the health emergency. Immigrant families experienced significant barriers in accessing assistance. When assistance was legally available to them, many were fearful to apply or accept help. Individuals with limited English proficiency faced additional barriers to accessing programs and were often confused by the wording of notifications alerting them about program requirements. Economic Impact Payments (EIP, also known as stimulus checks) were helpful for families, but the changes in eligibility between each EIP for immigrant families and older dependents made accessing payments challenging.[77]

Impact on Counties:

This proposal will not impact counties.

Impact on Tribes:

This will not impact tribal governments. This proposal may impact American Indian children and families by better ensuring take-up of the federal child tax credit.

Stakeholder Engagement:

This proposal anticipates engagement with families and other stakeholders to encourage take-up of federal COVID-19 relief payments and the federal child tax credit.

[77] Children's HealthWatch (2021).

IT Related Proposals:

Not applicable.

Results:

1. Community services and supports:
    - Will help 5,000 Minnesotans connect to community resources and community services, including employment, education, health and emergency services.
    - Will use follow up contact to measure impact on food insecurity, housing stability and other measures of economic stability.
2. Outreach for child tax credits:
    - Will reach the families of the more than 140,000 children living in poverty.
    - Will bring up to $60 million into Minnesota's economy to be spent primarily on rent payments to local landlords, payments to local utilities, on groceries, vehicle repairs and purchases, public transit and other Minnesota industries.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		5,607	5,607	5,607		5,607
HCAF						
Federal TANF						
Other Fund - State Fiscal Relief Funds						
Total All Funds		5,607	5,607	5,607		5,607

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	48	Community Support Services Grants		5,111	5,111	5,083		5,083
GF	12	Children and Families Admin – 3 FTE @ 14L		303	303	343		343
GF	12	CFS Admin – non-personnel		427	427	427		427
GF	REV 1	FFP @ 32%		(234)	(234)	(246)		(246)

Requested FTEs

Fund	BACT#	Description	FY 22					
GF	12	CFS – 3 FTE @ 14L		3	3	3		3

Statutory Change(s):

None

FY 2022-23 Supplemental Budget Change Item CF-70

Change Item Title: Building Assets for Minnesota Families

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	5,000	5,000	5,000
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	5,000	5,000
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends an investment of $5 million in FY 2023 and $10 million in FY 2024-2025 from the general fund to increase base funding for the Family Assets for Independence in Minnesota (FAIM) program. State funding for FAIM is currently $325,000 per year, or $650,000 per biennium. The Governor also recommends amending the Family Assets for Independence in Minnesota statute to:

- Allow Tribal Nations and nonprofit organizations to administer the program with the goal of reaching a more diverse group of participants;
- Allow participants to contribute to an emergency savings account or college savings account for their children; and
- Increase the financial match limit.

Rationale/Background:

Family Assets for Independence in Minnesota, commonly known as FAIM, helps working Minnesotans with low incomes increase their savings, build financial assets, and enter the financial mainstream. The program combines matched savings accounts with personal finance education, asset-specific training, and ongoing coaching. This approach helps working families acquire assets, improve their financial capabilities, and increase their economic security. Eligible program participants open an Individual Development Account (IDA), a matched savings account that provides financial incentives to save. Participants receive financial matches at a rate of a 3-to-1 for every dollar of earned income deposited. The matched savings account helps Minnesota low-wage earners build assets through purchase of a home or automobile, pursuit of higher education, or launching or growing a small business.

State funds for this program support the financial match for the IDAs and financial coaching. FAIM is Minnesota's only statewide IDA program and is delivered by a statewide multi-site collaborative of Community Action Agencies, community based nonprofits, Tribal Nations, and Bremer Bank.

In 2016, Minnesota received a 5-year, $1,000,000 Assets for Independence grant from U.S. Health and Human Services for the FAIM program. This funding ended in April 2021, and the federal program was eliminated.

Proposal:

This proposal invests $5 million in FY 2023 and $10 million in FY 2024-2025 from the general fund to increase base funding for the FAIM program. This proposal also amends the FAIM statute to:

- Allow Tribal Nations to administer the program;
- Allow other nonprofit organizations to administer the program;
- Allow participants to contribute to a Minnesota 529 college savings plan for their children;
- Allow participants to contribute to an emergency savings account for unexpected expenses like car repairs or medical bills; and
- Increase the financial match limit from $6,000 to $9,000.

This investment in FAIM will benefit a larger and more diverse group of FAIM account holders, increase its capacity to serve up to 500 additional families per year, and allow for much-needed evaluation and redesign opportunities. This proposal expands the FAIM program, which helps people achieve wealth through asset acquisition, by including saving for college for their children. Currently, the program focuses on saving for a home, small business, a vehicle, or education expenses.

Impact on Children and Families:

In families where assets are owned, children do better in school, voting participation increases, and family stability improves.[78] Reliance on public assistance decreases as families use their assets to access higher

[78] Washington University in St Louis, Center for Social Development, 2020

education and better jobs, reduce their housing costs through ownership, and create their own job opportunities through entrepreneurship.[79] Research also shows that as little as $500 in college savings can make a difference in encouraging higher education for children from families with low incomes.[80] Increasing state funding for FAIM will benefit working Minnesotans with low incomes that want to increase their savings and build financial assets.

Equity and Inclusion:

Income and asset ownership disparities for people of color and American Indians are significant. The FAIM program specifically addresses asset attainment. Increasing state funding for this program will reduce asset ownership disparities for people of color and American Indians. Research from the IDA field suggests that people with very limited incomes can and do save money and accumulate assets when given incentives, financial education, and institutional supports.

To achieve long-term economic security, working individuals with low incomes and those leaving public assistance need opportunities to build savings, plan for emergencies, and acquire financial assets. The gap in wealth and financial assets between people with low incomes and people with higher incomes is significantly larger than the income gap itself. The wealth and financial assets gap also is disproportionately higher for communities of color and American Indian communities. Increasing state funding for this program will help close the financial asset gap for people of color and American Indians.

The race/ethnicity of FAIM participants: 50% white, 34% Black or African American, 4% Asian, 2% American Indian, 6% multiple races, and 4% declined to identify (20% of people identified as Latino/Hispanic of any race).

Impacts to Counties:

This proposal does not impact counties financially. FAIM is delivered by a statewide multi-site collaborative of Community Action Agencies, community based nonprofits, Tribal Nations, and Bremer Bank.

Impacts to Tribes

This proposal amends the Family Assets for Independence in Minnesota statute to allow Tribal Nations to administer the program.

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[79] Washington University in St Louis, Center for Social Development, 2020

[80] Small-Dollar Children's Savings Accounts, Income, and College Outcomes, Washington University in St Louis, Center for Social Development, 2013

The poverty rate for American Indians in Minnesota is more than 4 times higher than the poverty rate for white Minnesotans.[81] Unemployment rates for American Indian workers were more than 3 times higher than white workers even before the COVID-19 pandemic.[82]

Results:

As of 2018, 686 Minnesotans have participated in FAIM. FAIM delivers a strong return on investment for the public dollars invested. Purchases boost local economies through increased home ownership, property taxes, newly created jobs, small business purchases, and increased professional skills.

FAIM Post-Secondary Education

- 40% of respondents indicated that their employment had improved since completing their education.[83]
- 57% indicated their incomes had increased.[83]

FAIM Home Ownership

- 97% still owned their own home.[83]
- 39% had no debt other than their mortgage.[83]

FAIM Small Business

- 89% of surveyed FAIM-sponsored businesses were still in operation more than two years after opening compared to a national average of 44%.[83]
- 65% of businesses achieved an increase in their sales and income after applying their FAIM matched savings to improve their businesses.[83]
- Of the 130 small business accountholders responding, the total estimated revenue was $4.64 million per year.[83]

This proposal would increase the amount of FAIM clients by a significant amount - over 10 times the current number of enrolled clients - and expand asset types to give clients more choice over their short and long-term asset goals.

IT Related Proposals:

N.A.

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[81] Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey, 2008-2018

[82] Minnesota Department of Employment and Economic Development, 2016

[83] Minnesota Community Action Annual Report, 2019

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		5,000	5,000	5,000	5,000	10,000
HCAF						
Federal TANF						
Other Fund						
Total All Funds		5,000	5,000	5,000	5,000	10,000

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	47	FAIM Grants		5,000	5,000	5,000	5,000	10,000

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
			-	-	-	-	-	-

Statutory Change:

Amend Minn. Stat. § 256E.35

FY 2022-23 Supplemental Budget Change Item CF-72

Change Item Title: Family and Community Resource Hubs

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	3,573	14,842	23,104
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	3,573	14,842	23,104
FTEs	**0**	**4.5**	**5**	**5**

Request:

The Governor recommends investing $3.573 million in FY 2023, $14.842 million in FY 2024, and $23.104 million in FY 2025 and ongoing for a sustainable family and community resource hub model implemented through the 34 Community Action Agencies (CAAs) and tribal nation grantees throughout the state.

Rationale/Background:

This proposal aims to make it easier for children and families to get what they need to support economic stability, health and well-being.

The state conducted hundreds of community listening sessions through the Preschool Development Grant (Planning) (PDG)[84] in 2019. The sessions took place in all eleven tribal nations, all regions of the state and were focused on parent voice (73% of attendees) and those facing the greatest barriers to opportunity. This engagement was conducted in partnership with the six Minnesota Initiative Foundations in Greater Minnesota; Children's Defense Fund MN; the Minnesota Indian Women's Resource Center; Minnesota Tribal Resources for Early Childhood Care; and Indigenous Visioning. The findings informed the PDG Needs Assessment and Strategic Plan (Summary). Major findings from the community needs assessment include:

- A fully functioning system of programs and services supporting, economic stability, health and well-being for families is holistic and addresses the interconnection of issues that are woven throughout families' lives.
- While there are nuances between geography and cultural groups, families across the state face challenges with accessing quality child care, medical care, housing, and transportation.
- A system of programs and services supporting economic stability, health and well-being for families, facilitates choice and agency for families, recognizing the unique needs of diverse communities and individual families.
- The state has a responsibility to provide funding, program opportunities, and resources to make services more available and accessible.

In advising the strategic plan, communities supported the idea of Community Resource Hubs (hubs), which are being piloted through twelve grantees and one unfunded partner in over 25 communities and Tribes during 2021-2022. These hubs were made possible by a $6,000,000 federal investment by the PDG. Each hub (and their site partners) offers direct services, although exact services vary by location. All hubs offer navigation to several supports and services, including:

- Basic needs and economic assistance
- Disability services
- Healthly development and screening
- Developmental and behavioral concerns
- Family well-being and mental health
- Early learning and child care
- Dental care
- Legal services
- Culturally specific services for american indian families

[84] The PDG is federal funding allocated to Minnesota and other states to focus our attention on how best to support families with young children who are experiencing racial, geographic, and economic inequities so they can be born healthy and thrive within their families and community. The grant is charged with aligning and coordinating multiple systems to help families with young children (prenatal to age 5) navigate through the system more efficiently and is a partnership between the Minnesota Departments of Education, Health, and Human Services, along with the Children's Cabinet.

To foster relationships, networking, and bi-directional learning, grantees, site partners, non-funded partners, and state agency partners participate in monthly communities of practice, quarterly networking meetings, reflective mental health consultation, technical assistance office hours, and more.

During the first two reporting periods (March – August 2021) Hubs reported the following:

- Community Resource Hubs have served 1,762 families (including parents, providers, grandparents, caregivers, and guardians)
- Just under half (45%) of those families identified as Black, Indigenous, and People of Color
- Navigators have made 1,051 referrals to programs and services of which 828 referrals were successful – meaning families were able to connect to services.
- Services sought by families were:
    - Economic stability programs including public benefits, housing, child care (provider and payment), and food access (76%)
    - Health care (6%)
    - Transportation (6%)
    - Family well-being – including mental health (7%)
    - Disability services (2%)
    - Legal services (2%)
    - Job search (1%)

Other preliminary results include:

- Hubs are devising tailored outreach strategies for community outreach.
- Hub staff have received training on equity-oriented services, trauma informed reflective consultation, and state-wide systems (Help Me Connect[85], Bridge to Benefits[86], and MN Benefits[87].)
- Hub grantees have contributed to the improvement of state-wide systems and tools.

[85] Minnesota's *Help Me Connect* is an online navigator that connects pregnant and parenting families with young children birth to 8 years of age with services in their local communities that support healthy child development and family well-being. Families and care providers can search for a variety of available programs and services closest to the family's home address such as health and well-being services, early learning and child care programs, COVID-19 resources, disability resources and services, basic needs, and Tribal Nation programs and services.

[86] *Bridge to Benefits* is a project developed by CDF-MN to improve the well-being of families and individuals by linking them to public work support programs and tax credits (state and federal programs). Bridge to Benefits relies on an online eligibility screening tool and direct referral to application assistance agencies.

[87] *MN Benefits* is an online application that takes 20 minutes for families to apply for as many as nine financial assistance programs in one place.

- Hubs have built capacity for trauma-informed approaches through participation in Infant and Early Childhood mental health consultation to support the mental health needs of children and families they serve.

Detailed intended results are shared in the Results section.

Proposal:

Family and community engagement over the past 3 years has indicated that families want more accessibility to supportive programming. PDG hubs were created with that accessibility in mind. This proposal works through CAAs to expand the PDG hub model. The model has 3 primary goals:

1. **Make it easier for families to get what they need to support economic stability, health and well-being.** Develop physical access points for families that support relationship-based, culturally appropriate program/service navigation.
2. **Increase access to services.** Partner with the state in using tools for program/service navigation: Help Me Connect, MNBenefits and Bridge to Benefits.
3. **Grow community engagement and feedback loops.** Identify and execute feedback loops with community organizations to better support families and remove policy barriers.

Data collected from current PDG hubs indicates that families are requesting access to economic stability programs at a higher rate than any other programs. Services most asked for by families include: financial assistance, child care, health care, food and housing. CAAs provide local, state, federal and private resources to help individuals and families who have low incomes. These agencies offer a variety of services requested by families in the PDG pilot, such as:

- Head Start,
- Energy Assistance and Weatherization,
- Job training and career development services,
- Food and nutrition programs,
- WIC and child care programs,
- Emergency housing and financial assistance.

CAAs are well placed within each of the economic development regions as well as 11 tribal nations in Minnesota and have multiple agency partnerships throughout communities to aid navigation of services. This proposal would offer both planning and implementation dollars to regional CAAs and tribal nations grantees to bring collaborative partners together to determine core services, number of site partners necessary and how sites will be chosen. In the first year, 17 planning allocations will be made. In the second year, 17 implementation allocations will be made along with 17 more planning allocations. Full implementation of 34 CAAs and tribal nation's grantees and their site partners is expected in the third year. The proposed budget estimates 102 sites statewide, or an average of 3 sites for each of the CAAs and tribal nation's grantees. Current Community Resource Hub Grantees would count toward a CAA's site partner allotment.

CAAs and tribal nation's grantees and site partners would be fully supported through Help Me Connect, Bridge to Benefits and MN Benefits, communities of practice, navigator training, and trauma informed mental health consultation, and research and evaluation. MN Benefits is a fast (under 20 minutes) and simple tool to apply online for several work and economic supports including food, cash, child care and emergency assistance and housing support. Outcomes seen over time would include but are not limited to:

- More families access economic stability programs,
- Fewer families enter child welfare based on reports of neglect and educational neglect,
- Access to resources and supports would be easier for families,
- Community partnerships to meet the culturally- and geographically-responsive needs of the whole family would be strengthened,
- Understanding of and responsiveness to the demand for and availability of comprehensive services and supports statewide would be increased.

Funding would go toward:

Item	FY2023	FY2024	FY2025
Planning Grants	$2,550,000	$2,550,000	-
Implementation Grants		$10,200,000	$20,400,000
Community of Practice and Community Engagement	$200,000	$400,000	$400,000
Training	$146,000	$300,000	$300,000
Mental Health Consultation	$150,000	$612,000	$1,224,000
Research and Evaluation	$150,000	$295,000	295,000
DHS FTEs (reduced by 32% FFP)	$271,000	$302,000	$302,000
MDE .5 FTE	$53,000	$61,000	$61,000
MDH .5 FTE	$53,000	$61,000	$61,000
Children's Cabinet .5 FTE	NA	$61,000	$61,000
TOTAL	**$3,573,000**	**$14,842,000**	**$23,104,000**

Excluding program-specific annual funding, this proposal would double the annual funding for CAAs and tribal nations grantees throughout the state.

This is a new initiative that builds on the work of two existing efforts, the well-established CAA and tribal nation grantees and the PDG pilot of twelve hubs and an unfunded partner, which sunsets December 30, 2022. CAAs will be expected to include current community resource hub grantees into planning and possible implementation. This is not a request for additional operating funds to maintain the agency's existing level of service. This proposal will significantly expand the reach and impact of the 34 CAAs and tribal nation's grantees through providing funds for multiple hub site partners within the 34 CAA regions (including tribal nations).

Non-tribal CAAs and tribal nations grantees will be asked to include regional partners in decision making regarding how many hub site partners, locations, referral partners, local match, sustainability, and more. Regional planning partners should include but are not limited to:

- Current Community Resource Hubs
- Local Public Health
- School Districts (including any Full Service Community Schools in the region)
- County Social Services
- Family Service/Mental Health Collaborative
- Early/Head Start
- Regional Child Care Aware organizations
- Local food shelves/banks
- City governments
- Regional hospitals
- Parents and families with lived experience or any parent/family advisory bodies within the region
- Community based social service providers

Interested tribal nations grantees will self-determine planning partners. CAAs and tribal nations grantees will submit agreed upon plans for implementation and receive funds for up to 3 hub site partners within the region (this number may vary based on community strengths, partnerships, and local match totals. Based on preliminary numbers of high functioning hubs with multiple site partners, it's anticipated that each of the 34 CAA agency and tribal nation's grantees with 3 site partners each will build their capacity to serve approximately 20,400 more families than current Community Resource Hubs serve statewide per year through navigation and referral processes.[88]

The funds will be used both for direct funding to CAAs and tribal nations grantees to deliver, partner and coordinate with other community organizations that deliver services and for system-wide supports to ensure success of implementation. CAAs and tribal nations grantees will be funded $150,000 each for a planning year, followed by $200,000 per site for subsequent years. Funding assumptions include:

- FY 2023: 17 CAAs and tribal nations grantees will enter into planning ($2,550,000)

[88] Based on preliminary PDG Community Resource Hub data. Hubs with multiple (4-6) site partners average 300-350 families per quarter. Assuming 3 site partners brings that average down to 150 families. 150 families per quarter x 4 quarters = 600 x 34 agencies = 20,400 new families served statewide.

- FY 2024:
    - 17 CAAs and tribal nations grantees will enter into planning ($2,550,000)
    - 51 sites will enter into implementation ($10,200,000)
- FY 2025: 102 sites will be implemented ($20,400,000)

Infrastructure supports for the CAAs and tribal nations grantees and hub site partners will include:

- Community of Practice and Community Engagement ($200,000 annually)
- Navigator Training ($150,000 annually)
- Research and Evaluation ($150,000 annually)
- Mental Health Consultation for navigators for each site (FY 2023: $150,000; FY 2024 $612,000 for 51 sites; FY 2025 $1,224,000 for 102 sites)

The funds will support 5 FTEs, including:

- 1.0 FTE Project Manager/Supervisor 22K
- 1.0 FTEs Grant and Community Engagement Specialist 17L
- 0.5 FTE Tribal Nation Specialist 18L
- 1.0 FTE Mental Health Consultant 17L (CSA)
- MDH: 0.5 FTE Collaboration Specialist 17L
- MDE 0.5 FTE Collaboration Specialist 17L
- Children's Cabinet: 0.5 FTE Collaboration Specialist 17L

Based on preliminary data from the PDG hub pilots, we anticipate this could result in an additional 20,400 families served annually.

The proposal complements work occurring within the Department of Human Services (DHS) as well as cross-agency. This proposal includes the utilization of MN Benefits, an integrated application developed by the DHS Business Solutions Office. It also includes funds for mental health consultation, an initiative of the DHS Behavioral Health Division. Indicators, such as reduction in child welfare due to neglect and educational neglect are in consultation with the DHS Child Safety and Permanency Division.

This proposal also impacts both the Department of Education (MDE) and Department of Health (MDH), with coordination and support from the Children's Cabinet. The proposal utilizes the cross-agency tool Help Me Connect, housed at the MDH. Additionally, it will likely result in collaboration with additional community resource initiatives, such as full service community schools at MDE and Community Solutions Grants at MDH. This proposal includes cross-agency staff to support this work and ensure the holistic needs of families are addressed.

Through building the capacity of CAAs and tribal nation's grantees for navigation and more resources, the CAAs and tribal nation's grantees and hub site partners will be central to making it easier for children and families to get what they need.

This proposal is ready to begin planning and support services in FY 2022, with phased-in site-based implementation beginning in FY 2024, with full implementation completed by the end of FY 2025.

Impact on Children and Families:

The PDG hub grantees (12) are currently working to support families in accessing economic stability resources as well as resources that will increase safe, stable, nurturing family relationships and environments. Current PDG hub grantees and their site partners are based in existing organizations including 9 CAAs and tribal nation's grantees to make referrals and connect families. Multiple advocates and foundations are also interested in this work to ensure that fewer families are entering the child welfare system based on neglect reporting. Families accessing services through both CAAs and tribal nation's grantees and PDG hubs increase the likelihood of a healthy start for families through supporting access to programs like food and housing support, energy assistance, mental health supports, Pre-K, child care and early/Head Start.

Over time we would also expect to see lower rates of neglect reporting. Research indicates that there is a relationship between poverty and neglect reporting. If communities are better equipped to support families, we would expect to a reduction in neglect reporting because families are getting what they need prior to a report of neglect.

Equity and Inclusion:

Poverty is a significant risk factor for children and families for a number of negative outcomes, and in particular for involvement in child protection. In Minnesota, African American and American Indian children are 5.4 and 6.4 times more likely to live in poverty than are White children. Recent analysis shows that census tracks with high rates of childhood poverty also have higher rates of reporting of neglect and maltreatment to child protection, and in particular higher rates of reporting for neglect. By helping families get what they need earlier, we may prevent neglect reporting – especially for black, indigenous, and families of color. Geographic equity is a factor in accessing services and supports for families – CAAs and tribal nation's grantees and hub site partners could reduce the time and transportation needs necessary to get access to vital programming.

Impacts to Counties:

This proposal does not have a direct fiscal impact to counties. MACSSA has expressed an interest in a family and community resource model in the state. A county representative has been engaged in general discussions on this topic. The intended impact will be seen in potentially increased application of eligible families for benefits programs counties administer, with the benefit to county workers that applicants will be supported through the process by navigators at the hubs. It is anticipated that reports of neglect and maltreatment made to counties and tribes will be reduced by connecting families who live in poverty or economic hardship.

Impacts to Tribes

This proposal does impact tribes. Tribes have not been engaged in development of this proposal due to limited time. As stated, all eleven tribal nations were a part of initial PDG stakeholder engagement and seven tribes are either directly funded or site partners in the current hubs pilot.

- Northland Foundation, in partnership with Fond du Lac Band of Lake Superior Chippewa and community stakeholders in Grand Portage Band of Lake Superior Chippewa, Leech Lake Band of Ojibwe, and Mille Lacs Band of Ojibwe.
- Northwest Foundation, in partnership with White Earth Band of Chippewa, and Red Lake Nation,
- Red Lake Nation, Minneapolis Urban office,
- Sawtooth Mountain Clinic, in partnership with Grand Portage Band of Lake Superior Chippewa.

Ten tribal nations have a CAA. This proposal will result in direct investment into the planning and implementation in each Nation.

Interested tribal CAAs and tribal nation's grantees will receive $150,000 for planning purposes and $200,000 for each hub site partner implemented. It is hoped that this funding will help prevent and mitigate some disparate child and family outcomes through focusing on culturally appropriate practice and programming. It will be necessary to determine how best to serve Urban American Indian families whether through grants to urban American Indian organizations or through the 11 tribal nations.

Results:

This iteration of funding CAAs and tribal nation's grantees as hubs is not an existing program and therefore does not have direct results, however we do have metrics to consider from Chapin Hall. Economically insecure children experience 3–9 times more maltreatment than economically secure children. Children in families of low socioeconomic status are 7 times more likely to experience neglect and 5 times more likely to experience maltreatment. Through navigation supports in CAAs and tribal nation's grantees, families will be able to access increased economic supports.

IT Related Proposals:

N/A

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		3,573	3,573	14,842	23,104	37,946

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF						
Federal TANF						
Other Fund						
Total All Funds		3,573	3,573	14,842	23,104	37,946

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	47	Grants to Community Action Agencies and tribal agencies		2,550	2,550	12,750	20,400	33,150
GF	12	Community of Practice and Community Engagement		200	200	400	400	800
GF	12	Navigator Training		146	146	300	300	600
GF	12	Research and Evaluation		150	150	295	295	590
GF	15	Mental Health Consultation		150	150	612	1,224	1,836
GF	12	Children and Families Admin – 1 FTE @ 22K, 1 FTE @ 17L, .5 FTE @ 18L		292	292	322	322	644
GF	15	Community Supports Admin – 1 FTE @ 17L		107	107	122	122	244
GF	REV1	DHS Admin FFP @32%		(128)	(128)	(142)	(142)	(284)
GF		MDH Admin – .5 FTE @ 17L		53	53	61	61	122
GF		MDE Admin – .5 FTE @ 17L		53	53	61	61	122
GF		Children' Cabinet Admin – .5 FTE @ 17L				61	61	122

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	Children and Families Admin (2.5 FTEs)		2.5		2.5	2.5	

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	15	Community Supports Admin (1 FTE)		1		1	1	
GF		MDH Admin (.5 FTE)		.5		.5	.5	
GF		MDE Admin (.5 FTE)		.5		.5	.5	
GF		Children's Cabinet Admin (.5 FTE)				.5	.5	

FY 2022-23 Supplemental Budget Change Item CF-69

Change Item Title: Food Security for Minnesota Families

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	$27,000	$6,000	$2,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	$27,000	$6,000	$2,000
FTEs	**0**	**3**	**2**	**2**

Request:

The Governor recommends a one-time investment of $27,000,000 in FY 2023 and $8,000,000 in FY 2024-2025 from the general fund to:

- Support food system changes and provide equitable access to existing and new methods of food support for American Indian communities. Funding will be allocated to tribes and American Indian agencies for sustainability planning, infrastructure building, and program implementation, with additional funding for executing state administrative improvements and technical assistance to assist with accessing food programs. This is based on feedback and input from Tribal Nations and American Indian communities to identify needs, gaps, and recommendations for improving equity and access to food resources.
- Provide grants to food shelves, food banks, and meal programs to purchase, produce, process, transport, store, and coordinate the distribution of nutritious food to individuals and families. The purchase of culturally connected food items is an allowed and encouraged use of these funds.

- Provide capital funding to food shelves to improve and expand food shelf facilities throughout the state.
- Provide additional outreach and application assistance to eligible Minnesotans who are not enrolled in the Supplement Nutrition Assistance Program (SNAP).

Rationale/Background:

The first component of this proposal is designed to improve access and equity for food security programs within tribal and American Indian communities, in a way that recognizes and promotes tribal food sovereignty and sustainability. This will address and seek to eliminate state barriers and food apartheid, and will also address chronic poor nutrition as a result of a history of inadequate and harmful federal government policies.

The Indigenous nations and communities in Minnesota experience greater health disparities and inequalities compared to white communities. Recent public health research by Indigenous scholars has drawn strong correlations between current health disparities and distal determinants of health like historical trauma, genocide, loss of land, and boarding schools for Indigenous communities throughout the United States, including Minnesota. In addition to historical distal determinants, current distal determinants like colonial structures and structural racism have an impact on Indigenous people's health and well-being. Tribal Nations, urban American Indian organizations, and members of the Governor's Food Security Work Group identified the needs and created recommendations for this component of the proposal.

Food support continues to be in high demand due to the public health and economic impacts of COVID-19. Minnesotans made more than 3.8 million visits to food shelves in 2020, surpassing the previous record set in 2019. Relatedly, Minnesota has seen a 24% increase in the number of people participating in SNAP between February 2020 and June 2021. This increase is expected to persist throughout the pandemic and the subsequent recovery period.

The proposed funding for food shelves, food banks, meal programs, and outreach reflects an emphasis and commitment to equity and uses these funds to make investments that will inform years of future system improvements. Grants to food shelves direct resources to the grassroots of the emergency food system, which has been historically underfunded. Emergency food programs address unmet food needs in a variety of ways. Families receiving SNAP often report running out of food before the end of the month. Minnesotans who do not qualify for SNAP are often left hungry, without the resources to purchase food. This emergency food proposal responds to unmet needs and systemic underinvestment that predates COVID, while also drawing upon lessons learned throughout the pandemic.

A recent statewide survey of food shelf clients and food shelf managers indicated that food shelves need more freezer/cooler and dry storage space in order to expand their food services to meet the increasing demand of Minnesotans experiencing food insecurity. Food shelves reported that there was more food than they could take because they lacked capacity to safely and appropriately store the food, reporting storage and distribution challenges made more problematic by the pandemic.

Proposal:

Tribal Food Sovereignty and Infrastructure

This first component of this proposal intends to improve access and equity for food security programs within tribal and American Indian communities, in a way that recognizes and promotes tribal food sovereignty and sustainability. This proposal will allocate funds to assist Tribal Nations in achieving self-determination and improve collaboration and partnership building between American Indian communities and the State. This is a new initiative building on pandemic response work and learnings from the distribution of federal emergency funds and the inequities and gaps that were discovered from the pandemic response.

- **Grants**

The recipients of this funding will be Tribal Nations and American Indian organizations.

  - $4,000,000 for capital and infrastructure development.
  - $5,804,427 to support and promote food security.
  - $750,000 for culturally relevant training for building food access and sustainability.
  - $900,000 for materials to support program sustainability identified by the technical assistance plan. The funds will be used to support the development of sustainable food infrastructure at the community level.

- **Administrative or programmatic capacity**

  - $802,313 for 2 FTE's. These positions will provide dedicated staffing to create a technical assistance center within the Minnesota Department of Human Services (department) that will provide access and relationships to increase food security for American Indians.

This work compliments the equity work of the Governor's One Minnesota Plan, The Emergency Food Assistance Program, Minnesota Food Shelf Program, and the Food Security Work Group. This will increase food access, food security, and equity for American Indians by expanding partnerships between Tribal Nations, American Indian organizations, and the department. This also provides funding to Tribal Nations and American Indian organizations to support their communities' efforts for further developing food infrastructure in culturally relevant and appropriate ways.

Grant Funds to Food Shelves, Food Banks, and Meal Programs

This proposal invests $5 million in FY 2023 and $3 million in FY 2024 to provide additional resources to food shelves, food banks, and meal programs. Grant funds will be made available to a diverse network of food shelves, food banks, and meal programs representing the efforts of community based organizations, Tribal Nations, and local units of government. Allowable uses of funds include:

- Costs to purchase, produce, process, transport, store, and coordinate the distribution of nutritious food to individuals and families. This includes purchase of culturally connected food items to meet Minnesotans diverse needs.
- Personal Protective Equipment, hygiene supplies, and cleaning and disinfecting supplies to promote effective public health and COVID-mitigation strategies.

- Technology to facilitate no-contact or low-contact food distribution and outreach models.
- Training and technical assistance to support evolving food distribution models and effective outreach strategies for COVID safety and long-term public health approaches.

A portion of this investment will also be used to provide outreach and application assistance to eligible Minnesotans who are not enrolled in SNAP. This funding will help support organizations across the state to provide education, information, and assistance to help Minnesotans apply for SNAP using culturally relevant and community-driven approaches. During COVID and the resulting economic downturn, application assistance referrals for SNAP are up more than 40%.

Capital for Emergency Food Distribution Facilities

This proposal includes a $15 million investment in FY 2023 in grant funds to improve the infrastructure of food shelf facilities. This investment will allow local food shelves to improve and expand options to meet the increasing needs of Minnesotans with low-incomes experiencing food insecurity. The historic under-investment in food shelves (especially in Greater Minnesota) means that in many areas of the state there are still no viable food shelf options. Additionally, providers' response to the pandemic has strained already underfunded food shelf facilities. Modifications of structures/spaces and on-going wear-and-tear has exacerbated the need for significant investments in the food shelf infrastructure statewide. This funding would improve and expand food shelf facilities throughout the state. Funds would support:

- Adding freezer/cooler space and dry storage space.
- Improving the safety and sanitation of existing food shelves.
- Addressing on-going wear-and-tear and deferred maintenance of existing food shelves.

This component also includes hiring a temporary staff person, as capital projects of this size require sufficient administrative resources to ensure funds are distributed effectively, efficiently, and with the oversight needed to maintain program integrity.

Impact on Children and Families:

The first component of this proposal is a holistic approach for the whole family including children, youth, and adults to build on current state initiatives and expand equitable access for food security programs in partnership with Tribal Nations and American Indian organizations. Access to culturally relevant food supports children and families to thrive in school, at work, and in their communities. Adequate food security leads to emotional, spiritual, and physical well-being that leads to long-term healthy and independent communities.

This will help create a healthy and stable foundation for Minnesota families by ensuring safe access to culturally relevant food and promoting a healthy start. Ongoing feedback from Tribal Nations have stated that food is medicine and therefore allocating funds for Tribal Nations and American Indian organizations will lead the development a self-sustaining food infrastructure that leads to stable lives, positive mental health outcomes, and successful communities.

Many of the activities funded in this proposal will be evidence-based practices or culturally-based practices that will improve healthy food consumption and increase food security. The Food Security Work Group conducted interviews with representatives from Tribal and American Indian organizations and learned about the needs and barriers that families in their communities are experiencing with accessing food. This proposal takes a multi-generational approach by promoting food security solutions that address the needs of everyone living in a household from young children to elders.

Children represent over one-third of food shelf visits in Minnesota from 2019 to 2020. Households with children also face higher rates of food insecurity than households overall. Nationwide, 14.8% of all households with children, and 15.3% of all households with children under age six, were food insecure in 2020. By comparison, the rate of food insecurity among households overall (10.5%), and among households without children (8.8%), was substantially lower.[89] In Minnesota, there were over 3.8 million visits to food shelves in 2020 – a 6.6% increase since 2019. Of these, children accounted for approximately 1.4 million – over one-third – of all visits, a 6.7% increase when compared to the prior year.[90]

Minnesota has also seen a 24% increase in the number of people participating in SNAP between February 2020 and June 2021. This increase is expected to persist throughout the pandemic and the subsequent recovery period. Almost half of the people who receive SNAP in Minnesota are children. Access to food ensures children and families have the resources to thrive in school, work, and their communities.

Equity and Inclusion:

This proposal will reduce inequities within food support programs for American Indians by providing equitable access to existing programs and new methods of food support for American Indian communities. This proposal was created based on feedback and input from Tribal nations and American Indian communities to identify needs, gaps, and recommendations for improving equity and access to food resources. This proposal will help achieve equitable access to food and resources, staff support, and relationship building with Tribal Nations and American Indian organizations to create more equitable outcomes.

The funding for food shelves, food banks, and meal programs will increase the availability of culturally connected foods and build capacity of historically underinvested and underserved communities – specifically Black, Indigenous, people of color, and rural communities – in response to unmet needs and lessons learned throughout the pandemic. In July 2020, 37% of Minnesotans reported some level of food insecurity.[91] Black and

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[89] U.S. Department of Agriculture, Food Security in the U.S.: Key Statistics and Graphics, 2020.

[90] Hunger Solutions Minnesota, 2020 Food Shelf Statistics Report, 2020.

[91] Wilder Foundation, New Food Insecurity Data Highlight Minnesota's Continuing Disparities and the Need for Multi-Sector Solutions, 2020.

Hispanic/Latino Minnesotans reported food insecurity at more than double the rate of White residents (83% of Black residents and 70% of Hispanic residents, compared to 32% of White residents).[91] Fifty-two percent of Asian residents and 55% of people of other races, including American Indians, also reported some degree of food insecurity.[91] Even before COVID, Minnesota showed significant disparities in who struggled to have enough to eat. Black and American Indian Minnesotans were six times as likely to be enrolled in the Supplemental Nutrition Assistance Program (SNAP) as White residents, and Hispanic/Latino and Asian residents were about three times as likely to be enrolled in the program.[91]

Impacts to Counties:

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

Impacts to Tribes:

The first component of this proposal provides funding to Tribal Nations and American Indian organizations. This proposal was generated from meetings with Tribal Nations and American Indian organizations 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 on this project.

The funding in this proposal would provide support across the emergency food system – including 300+ food shelves and Tribal Nations, with an emphasis on community engagement from those with lived experience who have been most impacted by COVID and the availability of emergency food supports. Grants to Tribal Nations recognize Tribal sovereignty and provide access to resources that have been historically unavailable to Tribes. 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 also allows for staffing and other gaps to create access to food.

Results:

The following performance measures will be used to evaluate the first component of this proposal:

- **Quantity:**
  - **The number of food shelves established**
  - **The number of staff in place**
  - **The number of people receiving food**
  - **The number of culturally relevant food items provided**
  - **The number of food items delivered**
  - **The number of Gathering of Native American Trainings provided**
- **Quality:**
  - **Summary reports will be created to monitor the food integrity and quality that includes fresh food access, food shelf design, and customer and client satisfaction**
  - **Feedback interviews and surveys will be conducted with stakeholders.**
  - **Relationships established between Tribal Nations, American Indian organizations and staff**
    -

- **Result:**
    - **Fewer American Indians will experience food insecurity. Communication will be established often with stakeholders to ensure positive results are occurring.**

Many of the activities funded in this proposal will be evidence-based practices or culturally-based practices that will improve healthy food consumption and increase food security.[92]

Fewer Minnesota families will be food insecure as a result of these investments. Results will also include:

- The number of food shelves, food banks, and meal programs funded;
- The amount of freezer/cooler equipment and dry storage space added to food shelves;
- The number application assistance referrals received by SNAP outreach organizations.

IT Related Proposals:

NA

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		$27,000	$27,000	$6,000	$2,000	$8,000
HCAF						
Federal TANF						
Other Fund						
Total All Funds		$27,000	$27,000	$6,000	$2,000	$8,000

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	47	Tribal Food Sovereignty Grants		2,836	2,836	2,809	1,809	4,618
GF	47	Tribal Food Sovereignty Infrastructure Grants		4,000	4,000			
GF	47	Food Support Grants for Food Shelves, Food Banks, and Meal Programs		5,000	5,000	3,000	0	3,000

[92] County Health Rankings, What Works for Health

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	47	Capital for Emergency Food Distribution Facilities		14,931	14,931	0	0	0
GF	12	Children and Families Admin (1 temporary FTE, 14L) – Capital for Emergency Food Distribution Facilities		101	101	0	0	0
GF	12	Children and Families Admin (2 temporary FTEs, 17L, 20M) – Tribal Food Security		241	241	281	281	562
GF	Rev1	Admin FFP @ 32%		(109)	(109)	(90)	(90)	(180)

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	12	Children and Families Admin		3	3	2	2	2

FY 2022-23 Supplemental Budget Change Item CS-45

Change Item Title: Retaining and Expanding Children's Inpatient Psychiatric and PRTF Beds

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	10,490	15,540	408
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	10,490	15,540	408
FTEs	**0**	**4**	**4**	**3**

Request:

The Governor recommends an investment of $26 million i to retain, create, or expand children's inpatient psychiatric and Psychiatric Residential Treatment Facility (PRTF) beds. The funding would be issued through a competitive Request for Proposal (RFP) process to hospitals or PRTF providers to add beds for children in need of acute high-level psychiatric care.

☒ Identified through Public Input

☐ Identified as a Priority during Tribal Consultation

☐ Contributes towards the state's progress of reducing greenhouse gas emissions, or impact resiliency to a changing climate

Rationale/Background:

Over the past two years there have been rising levels of pediatric depression, anxiety and other mental disorders that have been exacerbated by the COVID-19 pandemic. The average reported number of children's mental health–related Emergency Department visits overall was higher in 2020 than in 2019. Adolescents aged 12–17 years accounted for the highest proportion of mental health-related Emergency Department visits in both 2019 and 2020 (31%), followed by children aged 5–11 years (24%)[93]. The majority of Emergency Departments lack adequate capacity to treat pediatric mental health concerns, potentially increasing demand on systems already stressed by the COVID-19 pandemic.

Mental health advocates have highlighted the need for additional mental health services for children, including inpatient psychiatric beds and PRTF beds. Funding to support hospitals and psychiatric residential treatment facilities (PRTFs) in retaining and adding capacity will allow more children with acute psychiatric needs to be served.

Proposal:

This proposal invests $26 million to retain, create, or expand children's inpatient mental health and Psychiatric Residential Treatment Facility (PRTF) beds. The funding would be issued through a competitive Request for Proposal (RFP).

Psychiatric Residential Treatment Facilities (PRTFs)

Psychiatric Residential Treatment Facilities deliver services under the direction of a physician, seven days per week, to residents and their families, which may include individual, family and group therapy. Children and youth under age 21 are eligible based on medical necessity, as determined by DHS. PRTFs are not considered Institutions for Mental Disease (IMDs). In order to be eligible, children must:

- Have a mental health diagnosis as defined in the most recent edition of the Diagnostic and Statistical Manual for Mental Disorders (DSM), as well as clinical evidence of severe aggression, or a finding that the individual is a risk to self or others
- Have functional impairment and a history of difficulty in functioning safely and successfully in the community, school, home or job
- Have an inability to adequately care for one's physical needs; or have caregivers, guardians or family members who are unable to safely fulfill the individual's needs
- Require psychiatric residential treatment under the direction of a physician to improve the individual's condition or prevent further regression so that services will no longer be needed
- Have utilized and exhausted other community-based mental health services, or clinical evidence indicates that such services cannot provide the level of care needed
- Have been referred for treatment in a PRTF facility by a qualified mental health professional (MHP)

[93] www.cdc.gov/mmwr/volumes/69/wr/mm6945a3.htm

The purpose of treatment in a PRTF is to provide an inpatient level of care to improve an individual's condition to the point where inpatient care is no longer necessary. Comprehensive discharge planning is essential for individuals to successfully transition to home, school, and the community as soon as possible. Discharge planning begins at the time of admission and requires coordination with individuals, their families, and community-based service providers. The individual plan of care must include discharge plans and coordination of services to ensure continuity of care with the beneficiary's family, school, and community upon discharge.

In 2015, legislation directed the state to enroll up to 150 beds at up to six psychiatric residential treatment facility sites statewide. Subsequent legislation in 2019 authorized an additional 80 beds with no cap on the amount of sites. By 2023 it is anticipated a total of 300 beds will be enrolled. All PRTF providers must be selected through a request for proposals (RFP) process and be enrolled with DHS to be eligible for reimbursement. To enroll with DHS as a PRTF provider, an organization must meet all of the following requirements:

- Certification by the Minnesota Department of Health as a PRTF and meet licensing requirements for supervised living facilities (SLF)
- Licensed by the Department of Human Services
- Accredited by the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities, or the Council on Accreditation of Services for Families and Children

Hospital Inpatient Psychiatric Care

Hospitals who apply for this funding may need to request a public interest review from the Minnesota Department of Health (MDH) in order to add licensed beds if they do not meet any of the exceptions listed in statute or pursue an exception from the legislature to the hospital bed moratorium law. Minnesota Statutes, section 144.551 imposes a moratorium on "any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and… the establishment of a new hospital."

Minnesota Statutes, section 144.552 requires hospitals seeking to increase its number of licensed beds or an organization seeking hospital licensure to submit a plan to the commissioner of health that includes an explanation of how an expansion will meet the public's interest. In its public interest review process[94], the Minnesota Department of Health (MDH) is required to review the plan and issue a finding on whether the plan is in the public interest. Under the statute, MDH must issue a finding within 90 days of receiving a complete proposal (or up to six months in extenuating circumstances). In conducting its review, MDH is required to consider certain issues, including the following:

- Whether the new hospital or hospital beds are needed to provide timely access to care or access to new or improved services;
- The financial impact of the new hospital or hospital beds on existing acute-care hospitals that have emergency departments in the region;

[94] https://www.health.state.mn.us/data/economics/moratorium/index.html

- How the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff;
- The extent to which the new hospital or hospital beds will provide services to nonpaying or low-income patients relative to the level of services provided to these groups by existing hospitals in the region; and
- The views of affected parties.

Fiscal impact:

The $26 million in new funding would provide approximately 100 new beds throughout Minnesota with an approximate cost of $250,000 per bed. These funds would be phased in starting in FY 2023 at $10,000,000 and FY 2024 at $15,000,000. During FY 2023 and FY 2024, there would most likely be two RFP request solicitations where providers could participate in the RFP process. Instead of an actual bonding process, these funds would be issued as grants to those providers who are awarded the funding.

To operationalize the grant process, two new FTE's would be needed. One FTE from the Budget Analysis Division in Operations would provide expertise in the construction/bonding-like process. This FTE would be temporary and would be hired about September 2022 and would be available through six months of FY 2025. The other FTE would be part of the Behavioral Health Division (BHD) in the Community Supports Administration and would develop the policy and RFP requirements. Once the RFP's are awarded, the BHD FTE would also work with the Operations FTE to develop and execute the grant contracts ensuring that all necessary contract information is in place. The BHD FTE would also be responsible for grant monitoring and compliance. This position would also be temporary and would be available through six months of FY 25.

In addition, additional administrative funding is needed in the Operations division at DHS. Because this proposal provides funding to increase the number of Psychiatric Residential Treatment Facilities (PRTF) the division licenses, additional resources are needed. One licensor is needed to assist with the increase in licensing reviews and investigations. Also, one attorney is needed for this work. Expanding this provider base or capacity will see a commensurate increase in licensing actions and reconsiderations, which are anticipated to need additional legal support.

Impact on Children and Families:

This proposal will positively impact children and their families because it seeks to retain and expand capacity of inpatient mental health services for children and aligns with the administration's priorities for children and families by seeking to ensure all children have access to mental health supports. Additional capacity of inpatient psychiatric beds and psychiatric residential treatment facility (PRTF) beds will help ensure children with the most severe psychiatric needs are able to receive the care and treatment they are eligible for and need.

Equity and Inclusion:

Since 2019, psychiatric residential treatment facilities (PRTFs) have served 337 children, of whom 51% identified as white, 12% identified as American Indian/Alaska Native, 7% identified as black, and 7% identified as more

than one race, with 23% unknown. The number of Native American children needing PRTF services is significantly disproportionate to the population in Minnesota[95] so, this proposal may have a positive impact on equity.

The most recent available data from Minnesota's Out-of-Home Care and Permanency Report (2019)[96] indicates that American Indian children were 16.8 times more likely, African American/Black children more than 2.6 times, and those who identified as two or more races were 5.8 times more likely than white children to experience out-of-home care, based on Minnesota population estimates from 2018. Ensuring there is adequate capacity to serve children needing a higher level of psychiatric care may help prevent out-of-home placement and positively impact American Indian and African American/Black children who experience out-of-home placement at a higher rate than white children.

As PRTF utilization has increased over the last few years (from 74 in 2019 to 136 in 2021), the number of children served in children's mental health residential facilities has decreased from 568 children to 362 children, a 36% change. Since PRTFs provide a higher level of inpatient level of care that is more clinical and highly focused on discharge planning, expanding capacity of this level of care may have a positive impact on equity and children with acute, high-level psychiatric needs.

Impacts to Counties:

This proposal does not directly impact counties.

Impacts to Tribes:

This proposal does not directly impact tribes, though tribal children and families may benefit from the proposal as it increases access to mental health services for children.

Results:

Psychiatric residential treatment facilities (PRTFs) utilize a variety of measures to assess treatment outcomes:

- Utilization of evidence-based practices
- Trauma-informed and person-centered care
- Cultural responsivity
- Psychiatric evaluation and assessment
- Treatment planning
    - Physician directed treatment team
- Healthcare services and medication

[95] Minnesota population according to the US Census Bureau: 83% White, 7% Black, 5.5% Hispanic, 5% Asian, 1% American Indian or Alaskan Native, and 3% with two or more races.

[96] https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408LA-ENG

    - 24/7 nursing available
- Educational services
    - On site school
- Discharge/ aftercare planning
    - Reduced length of stay
    - Timelier discharge to community of step-down care
- Family engagement

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Number of children served	Minnesota started with 1 program with 48 PRTF beds in 2018, will expand to more than 4 PRTFs with 300 beds by 2023.	337 individual children served since the program began	October 2021
Quality	Utilization reviews, including clinical reviews of evidence-based practices			Done upon admission and every 90 days
Results				

PRTF services in Minnesota are required to utilize evidence-based practices as part of active treatment. These include but are not limited to Trauma-Focused Cognitive Behavioral Therapy (TF-CBT), Eye-Movement Desensitization and Reprocessing (EMDR), Multidimensional Family, and others.

IT Related Proposals:

There are no IT or systems costs for this proposal.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	10,490	10,490	15,540	408	15,948

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF						
Federal TANF						
Other Fund						
Total All Funds	0	10,490	10,490	15,540	408	15,948

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	58	Grant funding for beds for Children's MH Bed	0	10,000	10,000	15,000	0	15,000
GF	11	One FTE for bonding-construction- operations	0	111	111	127	61	188
GF	15	CSA admin	0	111	111	127	61	188
GF	11	Operations- 2 FTE's	0	268	268	286	286	572

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
		CSA admin	0	1	1	1	.5	
		Operations	0	3	3	3	2.5	

FY 2022-23 Supplemental Budget Change Item CS-40

Change Item Title: Improved Access to Children's Mental Health Services

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	12,514	24,460	34,246
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	12,514	24,460	34,246
FTEs	**0**	**11**	**22**	**22**

Request:

The Governor recommends investing $12.5 million in fiscal years 2022/2023 and $58.706 million in fiscal years 2024/2025 to address widening gaps in the mental health continuum of care and improve the mental health and wellbeing of Minnesotans.

This is a multifaceted proposal that includes the following components: (1) Expanding Intensive Treatment in Foster Care (ITFC); (2) Expanding First Episode Psychosis (FEP) and Developing an Emerging Mood Disorders Program; (3) Expanding Support for Psychiatric Residential Treatment Facilities (PRTFs); (4) Expanding Mobile Transition Units and Person Centered Discharge Planning; (5) Establishing a children's Mental Health Community of Practice; (6) Expanding Mobile Crisis Grants; (7) Expanding Transition to Community Initiative; (8) Rate Increase for Adult Day Treatment; and (9) Expanding Housing with Support for Adults with Serious Mental Illness (HSASMI) and the **Projects for Assistance in Transition from Homelessness (PATH) grants.**

Rationale/Background:

Prior to the pandemic, the need for mental health services was increasing. The pandemic has made the situation worse, exacerbating behavioral health needs especially among school-age children[97]. Children have experienced disruptions to activities that support healthy development and have been subjected to social isolation, traumatic grief, and loss of routines. The behavioral health and wellbeing of teenagers– a group that is historically difficult to engage in care—has also been impacted by the pandemic. Depression, suicide, eating disorders, and anxiety are on the rise and hospitals are reporting increases in emergency department visits and stays for children and adolescents experiencing behavioral health crises. Suicide remains the second leading cause of death among young people ages 10-24[98].

The adult population has also experienced exacerbated mental health conditions and substance use disorders. During the pandemic, adults reporting symptoms of anxiety and/or depressive disorder increased from about ten percent to 40 percent. Early 2020 data showed that drug overdose deaths were particularly pronounced from March to May 2020, coinciding with the start of pandemic-related lockdowns.

Expanding Intensive Treatment in Foster Care (ITFC)

There is a significant need for intensive in-home therapeutic services for children who are at risk of out of home placement for behavioral health reasons. Currently, there are few options for families struggling to manage their children's mental health issues and maintain them safely in the family home. Any out-of-home placement causes trauma for both children and families. In 2019, according to the Minnesota Out-of-Home Care and Permanency Report[99], there were 1,236 children placed outside of their family homes for reasons related to the child's mental health or behavioral issues.

Intensive Treatment in Foster Care is a Medical Assistance intensive service available to children in foster care or out of home placement. Expanding eligibility of the benefit to also include children at risk of needing a higher level of care is intended to help reduce the need for out of home placements, enabling children to get the behavioral health care and treatment they need while continuing to live with their families and caregivers in the family home. The expanded program, called "Children's Intensive Behavioral Health Services," will also be a resource to families whose children are being discharged home from a higher level of care, allowing them to benefit from the support of their family and maintain the progress gained while in treatment.

Expanding First Episode Psychosis (FEP) and Developing an Emerging Mood Disorders Program

"Psychosis" describes conditions that affect the mind when there has been some loss of contact with reality. Psychosis can include hallucinations, paranoia, delusions, and disordered thoughts and speech, and can affect

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[97] https://aspe.hhs.gov/reports/child-adolescent-mental-health-during-covid-19

[98] https://www.cdc.gov/suicide/facts/index.html

[99] https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408LA-ENG

people from all walks of life. Psychosis often begins when a person is in their late teens to mid-twenties. Three out of 100 people will experience psychosis at some time in their lives, and about 100,000 adolescents and young adults in the US experience first episode psychosis each year.

Yet, studies have shown that it is common for a person to have psychotic symptoms for more than a year before receiving treatment. First Episode Psychosis (FEP) programs serve people 15 to 40 years old with early signs of psychosis. In Minnesota, there are currently three FEP programs, with capacity to serve 141 individuals.

Major depression and bipolar disorder are two types of mood disorders. While there are not yet evidence-based practices for treating mood disorders, there are some evidence-informed interventions[100]. DHS is currently using federal mental health block grant dollars to contract with a provider to perform research and identify treatment options for emerging mood disorders, including a curriculum for the creation of an emerging mood disorder program. Just like for psychosis, early treatment is critical and early intervention works for mood disorders like major depression and bipolar disorder. Mood disorders can be treated, and early treatment increases the chance of a successful recovery.

Expanding Support for Psychiatric Residential Treatment Facilities (PRTFs)

Psychiatric Residential Treatment Facilities (PRTFs) provide active treatment at an inpatient level of care under the direction of a physician, seven days per week, to youth under age 21 with complex mental health needs and their families, based on medical necessity. PRTFs are not considered Institutions for Mental Disease (IMDs). The PRTF level of care includes daily active treatment, which is achieved through a combination of family, group, and individual therapy, consultation and treatment planning with a comprehensive team of medical and behavioral health staff, and a highly structured living environment. Comprehensive discharge planning begins at the time of admission, to aid in a successful transition to home, school and community as soon as possible.

In 2015, legislation directed the state to enroll up to 150 beds at up to six psychiatric residential treatment facility sites statewide. Subsequent legislation in 2019 authorized an additional 80 beds with no cap on the amount of sites. DHS anticipates a total of 300 beds will be enrolled by 2023. The 2019 legislation also appropriated ongoing funding for PRTF start-up grants to prospective PRTF sites, beginning with $400,000 in FY 2020 and $400,000 in FY 2021[101]. Funding can be used for administrative expenses, consulting services, HIPAA

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[100]Patterns of symptoms before a diagnosis of first episode psychosis: a latent class analysis of UK primary care electronic health records https://bmcmedicine.biomedcentral.com/articles/10.1186/s12916-019-1462-y; Predictors of Bipolar Disorder Versus Schizophrenia Diagnosis in a Multicenter First Psychotic Episode Cohort: Baseline Characterization and a 12-Month Follow-Up Analysis https://www.psychiatrist.com/jcp/bipolar/predictors-of-bipolar-disorder-in-first-psychotic-episode/

[101] Laws 2019, First Special Session, Chapter 9, Article 14, Section 2, subdivision 32, paragraph (a)

compliance, training programs for staff and clients, allowable physical renovations to the property, and therapeutic resources including evidence-based, culturally appropriate curriculums.

Expanding Mobile Transition Units and Person Centered Discharge Planning

In 2021 the legislature appropriated $2.5 million in FY 2022 and $2.5 million for FY 2023 to create a Psychiatric Residential Treatment Facility (PRTF) and child and adolescent mobile transition unit[102]. The mobile, person-centered unit is to facilitate effective transition of children back to the community from Psychiatric Residential Treatment Families (PRTFs) and Child and Adolescent Behavioral Health Services (CABHS).

Traditional discharge planning focuses on clinical and medical needs and often does not include pertinent information about how to best support the child and the family system in day-to-day interactions through using positive behavior support strategies. This gap may lead to repeat admissions back to the Emergency Department or to PRTFs due to stress in the home and escalating behaviors. Person-centered practices recognize that support for people, including children, needs to incorporate things that are important to that person (e.g. things that bring their life meaning, meaningful relationships, rituals and routines, etc.). This information is just as important as clinical discharge information to ensure successful transitions and avoid readmissions.

Children's Mental Health Community of Practice

Clinicians, families, and social service professionals are working tirelessly to meet the mental health needs of children and adolescents, especially those experiencing crises. The shortage of hospital beds caused by the pandemic, coupled with an already inadequate mental health service continuum and workforce shortages have highlighted the need for enhanced community dialogue and wisdom. One of the ways to facilitate dialogue, exchange best practices, and create new knowledge is through a community of practice (CoP).

A community of practice (CoP) is a concept that originated from learning theory. A CoP is a group of people who share a common concern or an interest in a topic and who come together to collaborate, exchange information, deepen understanding, advance practice, and fulfill a set of goals.

Expanding Mobile Crisis Grants

Mobile crisis services teams consist of mental health professionals and practitioners who provide psychiatric services to individuals, both adults and children, within their own homes and at other community sites outside the traditional clinical setting. These services are available across the state 24 hours a day, 7 days a week. Mobile crisis services provide for a rapid response and individual assessment, resolve crisis situations, and link individuals to needed services. Research has shown that mobile crisis services are:

- Effective at diverting people in crisis from psychiatric hospitalization;
- Effective at linking suicidal individuals discharged from the emergency department to services;
- Better than hospitalization at linking people in crisis to outpatient services; and

[102] MN Laws 2021, 1st Special Session, Chapter 7, Article 17, section 12

- Effective in finding hard-to-reach individuals.

In 2021 the legislature appropriated $20 million in one-time, temporary increases for FY 2022-2024 to strengthen the state's mobile crisis infrastructure to support counties and tribes to staff 24-hour mobile crisis lines and increase capacity to take more calls. The funding requires all grant activities to be completed by March 31, 2024 and provides for a June 30, 2024 expiration date.

Expanding Transition to Community Initiative

In 2021 the legislature appropriated over $16 million in one-time, temporary funding for FY 2022-2024 to fund activities to assist people in moving from facilities or provider-controlled settings to a home of their own. Transition to Community Initiative, initially established in 2013 as home and community-based services transitions grants, was developed to reduce the time that individuals remain at the Anoka Metro Regional Treatment Center (AMRTC) or the Forensic Mental Health Program (FMHP) when services are no longer clinically necessary. This help ensure that psychiatric beds at AMRTC and FMHP remain available for those who need them the most.

Transition to Community Initiative awards grants so that individuals are able to live in the least restrictive setting and as independently as possible, build or maintain relationships with family and friends, and participate in community life. Transition to Community Initiatives promotes access to customized, community and integrated settings through a combination of county grants and housing assistance. Grantees are required to use a person-centered planning process and informed choice decision making. The initiative provides access to a range of services, including home and community based (HCBS) waivers, flexible grant funding, intensive care coordination, and partnerships with providers and counties to address an individual's unique needs.

The 2021 funding expanded the Whatever It Takes (WIT) services to include the Community Mental Health Psychiatric Units around the state and the Community Behavioral Health Hospitals for patients who are on the FMHP or AMRTC waiting lists to divert them from having to be admitted to our state hospital systems. Funding also assists people receiving disability waiver services who are living in provider-controlled settings, like corporate foster care and customized living, to move to a home of their own. All grant activities using the 2021 funding must be completed by March 31, 2024.

Rate Increase for Adult Day Treatment

Adult day treatment is a short-term, community-based mental health program consisting of group psychotherapy, rehabilitative interventions and other therapeutic group services provided by a multidisciplinary team under the clinical supervision of a mental health professional. The goal of Adult Day Treatment is to reduce or relieve the effects of symptoms associated with a diagnosed mental illness and provide skills training that will result an improved ability to live and function more independently in the community. The payment rate for Adult Day Treatment has not received an increase in many years and recent data shows that providers have experienced a decrease in both individuals served as well as a decrease in service units by individual, which the pandemic has likely had a large impact on.

Expansion of Housing with Support for Adults with Serious Mental Illness (HSASMI)

Established in 2007, Housing with Support for Adults with Serious Mental Illness (HSASMI) provides supportive services for people with serious mental illness who are homeless, long term homeless, or exiting institutions who have complex needs and face high barriers to obtaining and maintaining housing. HSASMI grants fund community agencies and counties providing services to individuals. Persons accessing or in permanent supportive housing units who are chronically or long-term homeless are a special population that need targeted site-based housing services in order to assure they can end their homelessness and maintain housing stability. Housing with Supports site-based services provide this support through grant-based funding.

Expansion of Projects for Assistance in Transition from Homelessness (PATH) Program

The Projects for Assistance in Transition from Homelessness (PATH) is a federal and state funded program that provides outreach and support for people with serious mental illness, including individuals with a co-occurring substance use disorder. PATH seeks to identify people who are experiencing homelessness, engage them in services, and assist them to access sustainable living in the community. PATH prioritizes people who are literally homeless, living in encampments, under highways or bridges, or in other areas not fit for human living. Nearly one-half of people enrolled in PATH in 2020 had experienced chronic, long-term homelessness. In 2020 federal and state PATH funding totaled $1.3 million, enabling the program to reach 2,070 individuals with serious mental illness[103].

Proposal:

This is a multifaceted proposal that includes the following components: (1) Expanding Intensive Treatment in Foster Care (ITFC); (2) Expanding First Episode Psychosis (FEP) and Developing an Emerging Mood Disorders Program; (3) Expanding Support for Psychiatric Residential Treatment Facilities (PRTFs); (4) Expanding Mobile Transition Units and Person Centered Discharge Planning; (5) Children's Mental Health Community of Practice; (6) Expanding Mobile Crisis Grants; (7) Expanding Transition to Community Initiative; (8) Rate Increase for Adult Day Treatment; and (9) Expanding Housing with Support for Adults with Serious Mental Illness (HSASMI) and the Projects for Assistance in Transition from Homelessness (PATH) Program.

Expanding Intensive Treatment in Foster Care (ITFC)
Effective January 1, 2023, or upon federal approval, whichever is later, this proposal expands eligibility for the Intensive Treatment in Foster Care (ITFC) program to include children who are living with their families in the community and who are at risk of out of home placement.

Children's Intensive Behavioral Health Services are unique in that they are an intensive therapeutic treatment option focused on assisting the child and family system to manage behavioral health issues and increase parenting and family interaction skills to prevent out of home placement and to accelerate family reunification. Services include individual and family therapy, family psychoeducation, clinical care consultation, round the clock crisis assistance, and coordination with all providers involved with the family. All services are delivered

[103] PATH Statewide Annual Report For FY 2020 - Minnesota

using trauma-informed, evidence-based practices. Licensed therapists meet with children, parents, siblings, and important others such as school staff, as needed. They create treatment teams composed of professionals working with the family that focus on supporting family goals and maintaining the child safely in the family home. Team and individual meetings may occur in the family home, or at schools, daycares, or any setting in which the family is most comfortable. Meetings occur at least 3 days per week and may be increased depending upon immediate family need.

The ITFC program, which is a Medical Assistance benefit, has provided services to children in foster care placement and their families since 2012. In 2020 the program served 175 clients. With the expansion of eligibility in this proposal, it is estimated that the program would serve approximately 800 children and their families. Service delivery for the ITFC program is three times per week for an average of 40 days per family, and it is expected that families participating in Children's Intensive Behavioral Health Services would also utilize the service at the same rate. It is anticipated that there would be a reduction in the number of other mental health services utilized by families who receive Children's Intensive Behavioral Health Services due to the intensity of the treatment, though the fiscal estimate does not account for secondary impacts.

Expanding First Episode Psychosis (FEP) and Developing an Emerging Mood Disorders Program

This proposal invests $1 million to create an additional First Episode Psychosis (FEP) provider site to help improve access across the state. The proposal also requests $1 million to create an Emerging Mood Disorder program that uses evidence-informed interventions for youth and young adults who are at risk of developing a mood disorder or are experiencing an emerging mood disorder, including major depression and bipolar disorders, and a public awareness campaign on the signs and symptoms of mood disorders in youth and young adults. Grant funds must be used to:

- Provide intensive treatment and support to adolescents and young adults experiencing or at risk of experiencing an emerging mood disorder. Intensive treatment and support includes medication management, psychoeducation for the individual and the individual's family, case management, employment support, education support, cognitive behavioral approaches, social skills training, peer support, crisis planning, and stress management;
- Conduct outreach and provide training and guidance to behavioral and health care professionals, including postsecondary health clinics, on early symptoms of mood disorders, screening tools, and best practices; and
- Ensure access for individuals to emerging mood disorder services, including ensuring access to services for individuals who live in rural areas.

Grant funding may be used by the grantee to evaluate the efficacy for providing intensive services and supports to people with emerging mood disorders. In addition, this funding may also be used to pay for housing or travel expenses for individuals or to address other barriers preventing individuals and their families from participating in emerging mood disorder services.

Expanding Support for Psychiatric Residential Treatment Facilities (PRTFs)

Effective July 1, 2022, this proposal invests $800,000 per year to provide additional start-up grants to potential PRTF sites. This amount would potentially fund four new PRTF sites. The proposal also expands the allowable uses of start-up grants to include emergency workforce shortage uses. Allowable grant uses related to

emergency workforce shortages may include, but are not limited to, hiring and retention bonuses, recruitment of a culturally responsive workforce, and allowing providers to increase the hourly rate in order to be competitive in the market.

Expanding Mobile Transition Units and Person Centered Discharge Planning

This proposal requests $545,000 in FY23 and $760,000 per year beginning in FY24 to create mobile transition units focusing on adults and children in emergency departments and inpatient hospital settings. The mobile transition units will focus on adults and children who no longer need a hospital level of care and assist them in transitioning to a lower level of care, including Psychiatric Residential Treatment Facilities (PRTFs), group homes, or foster homes. The mobile unit will also support hospital staff and families in transitioning adults and children to community-based services.

In addition, this proposal invests $250,000 per year to strengthen and support a person-centered discharge planning process for adults and children discharging from PRTFs, CABHS, and hospital settings. This funding would pay for professionals certified by the Learning Community as person-centered trainers to work with adults, children and their parents, the clinical team, and county based social service providers to develop person-centered transition documents that are incorporated into the clinical discharge plan.

Children's Mental Health Community of Practice

This proposal invests $250,000 per year starting in FY 2023 to establish a Community of Practice (COP) focused exclusively on supporting our children and their families and building partnerships across the system, including with families, advocates, child development researchers, and treatment providers and associations. Funding will be used to contract with a consultant to assist with this work and to pay reimbursement to participant families and youth over the next two years. This funding is appropriated through the general fund and will be appropriated ongoing into the future.

The COP will be a dynamic platform where children, youth, families, and professionals will come together to explore and identify shared solutions to the behavioral health crisis experienced by Minnesota's children and families. The Community of Practice will function as a safe space for children, youth and families to express their needs, fears and aspirations as well as a common space for parents, professionals, and advocates to come together and focus all efforts on children in need of support. The COP may also make recommendations for needed policy change in Minnesota with a focus on children. The COP will also:

- Identify gaps in children's behavioral health services.
- Enhance collective knowledge of issues related to children's behavioral health.
- Use knowledge gathered through the community of practice to make strategic changes in service delivery and support systems to benefit children and families.
- Serve as an avenue to acknowledge racial disparities in terms of well-being indicators of Minnesota children.
- Support a family-led decision making model for children.
- Encourage evidence-based and culturally responsive services for children and families with focus on treatment and prevention.

- Consolidate all the current efforts and studies in the world of children's behavioral health (e.g. congregate setting, telehealth, School linked services, etc.)

Expanding Mobile Crisis Grants

This proposal invests $12 million in FY 24-25 to increase the base funding for adult and children's mobile crisis services effective July 2023. This increase would extend, on a permanent basis, the temporary increase approved by the 2021 legislature and provide ongoing funding for staffing. This funding will permanently strengthen the state's mobile crisis infrastructure and help improve access to crisis services by supporting counties and tribes to staff 24-hour mobile crisis lines and increasing capacity to take more calls. While mobile crisis team provide a Medicaid billable service, grant dollars fund underinsured and uninsured individuals, as well as critical infrastructure costs and additional ancillary services and expenses that are not Medicaid billable.

Expanding Transition to Community Initiative

This proposal invests $7.375 million to increase the base funding for Transition to Community Initiative from FY 24 -25. This increase will extend, on a permanent basis, the temporary increase approved by the 2021 legislature and provide ongoing funding for staffing as discussed in the fiscal section of this proposal.

The funding assists people to exit Anoka-Metro Regional Treatment Center (AMRTC), community mental health psychiatric units, and Community Behavioral Health Hospitals (CBHHs) as well as people who are on the Forensic Mental Health Program (FMHP) or AMRTC waiting lists. Transition to Community Initiatives also assists people receiving disability waiver services who are living in provider-controlled settings, like corporate foster care and customized living, to move to a home of their own.

Rate Increase for Adult Day Treatment

This proposal invests $1.6 million from FY 23-FY 25 to increase the payment rate for Adult Day Treatment by 50% effective January 1, 2023. Adult day treatment services are intended to stabilize an individual's mental health status, and develop and improve an individual's independent living and socialization skills. A rate increase for this service will help ensure that providers are able to continue serving individuals with a diagnosed mental illness so that they are able to receive the support they need to live in the community.

Adult day treatment is an important component of the mental health services continuum and assists individuals in building and maintaining independence. It strives to allow a person to live to their full potential while also preventing a need for a higher level of care. Individuals in Adult Day Treatment must have an individual treatment plan that is a collaborative and person-centered process involving the individual, and with the permission of the individual, the individual's family and others in the individual's support system.

Expansion of Housing with Support for Adults with Serious Mental Illness (HSASMI*)*

This proposal expands the Housing with Support for Adults with Serious Mental Illness (HSASMI) program to provide supportive services to people with a substance use disorder (SUD) who are homeless, long term homeless, or exiting institutions who have complex needs and face high barriers to obtaining and maintaining housing. The proposal invests $9 million in funding from FY 23-FY 25 along with the expansion of the program to

serve individuals with an SUD in order to ensure sufficient resources to meet the need. Services provided will assist people to transition to and sustain permanent supportive housing and supportive housing which meets evidence-based practice or recovery housing standards. Services will be recovery-focused, person-centered, and culturally responsive. To encompass the expanded services, HSASMI will be renamed Housing with Support for Behavioral Health (HSBH).

Expansion of Projects for Assistance in Transition from Homelessness (PATH) Program

This proposal expands the Projects for Assistance in Transition from Homelessness (PATH) program to include people with substance abuse disorder (SUD) who are experiencing homeless to engage them in services and assist them to access sustainable living in the community. The proposal invests $15 million in funding from FY 23-25 with the expansion of the program to serve individuals with an SUD in order to ensure sufficient resources to assure services for populations over represented in homelessness, expand service access in both urban and rural areas, and increase the standard of service.

Homelessness for people with serious mental illness in Minnesota remains a persistent problem[104] and the State has continued to see a rise in the rate and numbers of people with serious mental illness who are homeless and/or at imminent risk for homelessness increasing in frequency and visibility through the COVID-19 pandemic[105]. Services provided will assist people to transition to and sustain permanent supportive housing and supportive housing which meets evidence-based practice or recovery housing standards. Services will be recovery-focused, person-centered, and culturally responsive.

Impact on Children and Families:

This proposal aligns with the Families First Prevention Services Act. The act, known as Family First, gives states the ability to leverage federal funding to provide prevention services to children at risk of out-of-home placement, allowing children to remain safely in their home by identifying and addressing families' needs earlier in the process. Family first establishes restrictions on placements in congregate care and requirements for residential treatment facilities.

The proposal also aligns with the Governor's priority for providing access to mental health supports to children and families as this program expansion will focus upon children living in family homes, but at risk of out-of-home placement.

In 2019, Minnesota had approximately 1,236 children in an out of home placement due to the child's behavioral health issues[106]. In addition, there are numerous other children who currently reside in their

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[104] Characteristics and Trends among Minnesota's Homeless Population, http://mnhomeless.org

[105] https://www.hmismn.org/point-in-time-count-information

[106] https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408LA-ENG

family homes, but, due to the severity of their behavioral health, present at high risk for out-of-home placement. These children and their families would benefit from an intensive, in-home preventative mental health program.

Equity and Inclusion:

Black/African Americans and Native Americans are overrepresented in the mental health and substance use disorder treatment system. Any increase in access to treatment and funding for related activities is anticipated to have a greater effect on these groups. Additionally, allowing funding to be used for housing or travel or other barriers would allow for individuals living in rural areas to access services that may not be in their geographic location without additional cost burdens.

This proposal would offer particular benefit to Black, Indigenous, and Communities of Color. According to the Minnesota Out-of-Home Care and Permanency Report[107], American Indian children were 16.8 times more likely, African American/Black children more than 2.6 times more likely, and those identified as two or more races were 5.8 times more likely than white children to experience out of home placement, based on Minnesota population estimates from 2018.

This proposal is designed to have a positive impact on the numbers of children of color who are placed in out-of-home settings since children of color are removed from family homes at a disproportionate rate. Providing early, intensive supportive mental health services to families will reduce the number of children needing to be removed from their family home and will support ongoing skill building so parents can learn how to successfully manage their child's issues in the family home.

Impacts to Counties:

This proposal will not have a fiscal impact on counties.

Impacts to Tribes

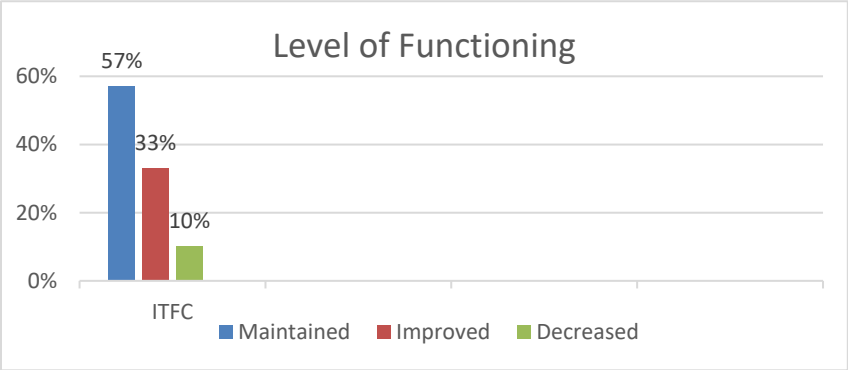
We do not expect this proposal to have a noticeable impact on Tribal Nations. Since the ITFC per client encounter payment rate is considerably less than the federal encounter rate, several tribally run agencies do not offer ITFC services. Given this, services will likely only be provided to Native children and their families who are not already receiving therapeutic services from tribal providers.

Results:

Currently, ITFC providers submit bi-annual program data to DHS. Outcomes that are measured include the number of hospitalizations and crisis interventions per participant, placement at start and end of treatment, and

[107] https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408LA-ENG

changes in functional scores on the CBCL and SDQ assessments. The chart below shows level of functioning for children who participated in the ITFC program and is from data collected from January through December 2020.



A child's level of functioning is assessed at intake, 90 days, and at the end of service by using either the CBCL or SDQ assessment.

Over 90% of the 168 children assessed maintained their current level of functioning or showed improved functioning during participation in ITFC services.

In 2020, the episodes of hospitalization were reduced by 80% and the use of community crisis programs was reduced by 60% in those clients who participated in ITFC services in both reporting periods.

IT Related Proposals:

There are no systems costs for this proposal.

Fiscal Impacts:

Expanding Intensive Treatment in Foster Care (ITFC)

This portion of the proposal would increase the number of children using this service. According to DHS data, there were about 32,000 children who met this definition in 2019, with about 70% eligible for Medical Assistance (MA). It is assumed that this population grows 5% per year.

About 1.4% of foster children in Medical Assistance used these services in FY2020. The usage rate is assumed to be 3% higher among the at-risk of out-of-home placement group. In addition, foster care children used an average of 40 units of service each year; it is assumed the new group will also use an average of 40 units per year. A 10% cost reduction is included as an assumed offset in the overall cost from services no longer being used by this population (e.g. replacing some residential services).

These changes would be effective January 1, 2023. Because this would create a significant increase in the number of children using these services through MA, a 24-month phase-in is assumed to allow for more provider capacity.

Expanding First Episode Psychosis (FEP) and Developing an Emerging Mood Disorders Program

This proposal includes grant funding of $1,000,000 per year for an additional First Episode Psychosis (FEP) provider site and $1,000,000 per year in grant funding for creating an Emerging Mood Disorder program.

Expanding Support for Psychiatric Residential Treatment Facilities (PRTFs)

Starting July 1, 2022, this portion of the proposal provides $800,000 in additional grant funding per year f for additional start-up grants to potential PRTF sites. These grants would be available through September 30, 2025. The funding would also include one FTE to administer these grants including developing the RFP and grant requirements, developing the grant contracts and working with the grantees on various aspects of the grant process including financial requirements. This proposal also includes one FTE for operations and licensing of new PRTF sites.

Expanding Mobile Transition Units and Person Centered Discharge Planning

The funding for this portion of the proposal includes six FTE's in the Community Support administration and Health Care administration for the discharge planning work. These FTE's include a supervisor, and staff from the Disability services division, Behavioral Health Care division and the Health care administration to coordinate the work. These FTE's would start in FY 2023 and be hired on a permanent basis.

In addition, an annual professional technical contract for $250,000 would be developed for developing and supporting a person-centered discharge planning process for adults and children discharging from PRTFs, CABHS, and hospital settings.

Children's Mental Health Community of Practice

This portion of the proposal appropriates $250,000 as a professional technical contract starting in FY 2023 to establish a Community of Practice (COP) as noted in the proposal section above. An FTE is also needed to coordinate the creation of community of practice, conduct research on evidence-based and culturally responsive processes and develop models of care for children in MN. This funding is ongoing into the future.

Expanding Mobile Crisis

The original grant appropriation for Mobile crisis grants under the Home and Community Based (HCBS) FMAP funding from the 2021 legislative session was $8,000,000 per year. This funding ends April 2024. This proposal makes that grant funding permanent starting in FY 2024 with $4,000,000 in FY 2024 ($4,000,000 was appropriated through HCBS FMAP funding for FY 2024) and $8,000,000 in FY 2025 and ongoing. In addition, the administrative funding is made permanent as well starting in FY 2024. Two FTE's were allocated with the original funding.

Expanding Transition to Community Initiative

The original grant appropriation from the 2021 legislative session for transition grants for whatever it takes initiative was $4,000,000 per year under the Adult Mental Health budget activity. In addition, $2,000,000 was appropriated per year under the Disability grants budget activity for people with disabilities. This proposal makes that grant funding permanent starting in FY 2024. In addition, the administrative funding is made permanent as well starting in FY 2024. Six FTE's were originally appropriated with the original funding. One additional FTE is requested for a Community Forensic Navigator to assist people with mental health challenges who are encountering criminal justice system barriers.

Rate Increase for Adult Day Treatment

The Adult Day Treatment payment rate increase of 50% is paid through Medical Assistance as a forecasted program. The rate increase would be effective January 1, 2023. The fee for service portion (FFS) of the rate is assumed to increase by 50%. The managed care (MC) portion of the rate is estimated as a 50% increase in the reimbursement calculated under the current fee structure.

Expansion of Housing with Support for Adults with Serious Mental Illness (HSASMI)

This initiative adds an additional $3 million per year in grant funding for HSAMI starting in FY 2023. This initiative also includes one FTE to develop the grant application process, work with stakeholders, award funding to grantees and monitor the grant process.

Expansion of Projects for Assistance in Transition from Homelessness (PATH) Program

This initiative adds an additional $4.9 million per year in grant funding for PATH grants starting in FY 2023. This initiative also includes one FTE to develop the grant application process, work with stakeholders, award funding to grantees and monitor the grant process.

Fiscal Summary:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	12,514	12,514	24,460	34,246	58,706
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	0	12,514	12,514	24,460	34,246	58,706

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	33 FC	Medical Assistance Basic (expanding ITFC)	0	235	235	5,887	6,569	12,456
GF	13	HCA Admin (expanding ITFC)	0	201	201	228	228	456
GF	59	CD Grants – FEP team	0	1,000	1,000	1,000	1,000	2,000
GF	59	CD Grants – FEP Pilot	0	1,000	1,000	1,000	1,000	2,000
GF	58	PRFT – Children's Intensive Service Reform	0	800	800	800	800	1,600

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	15	CSA Admin – PRTF FTE	0	105	105	119	119	238
GF	11	Operations- PRTF FTE- Licensing	0	121	121	127	127	254
GF	15	CSA Admin - Discharge/Planning – 6 FTEs	0	545	545	760	760	1,520
GF	15	CSA Admin – Discharge/Planning - Contract	0	250	250	250	250	500
GF	15	CSA Admin – Community of Practice FTE	0	111	111	127	127	254
GF	15	CSA Admin – Community of Practice Contract	0	250	250	250	250	500
GF	57	Mobile Crisis expansion grants	0	0	0	4,000	8,000	12,000
GF	15	Mobile Crisis- CSA admin FTEs	0	0	0	274	274	548
GF	57	Transition grants- Adult MH grants	0	0	0	875	4,000	4,875
GF	55	Transition grants-Disability grants	0	0	0	500	2,000	2,500
GF	15	Whatever it takes- CSA admin- 7 FTEs	0	0	0	184	839	1,023
GF	33	MA State cost Basic FFS- Adult Day treatment rates	0	117	117	294	309	603
GF	33	MA State cost Fam w Ch/ Eld & Disa MC - Adult Day Treatment rates	0	127	127	321	337	658
GF	33	MA State cost Adult MC- Adult Day Treatment rates	0	17	17	43	46	89
GF	57	PATH	0	4,927	4,927	4,916	4,916	9,832
GF	57	CSA Admin (PATH) 1 FTE	0	108	108	124	124	248
GF	57	Housing with Support for Adults with Serious Mental Illness (HSASMI)	0	3,000	3,000	3,000	3,000	6,000
GF	57	CSA Admin (HSASMI) 1 FTE	0	107	107	123	123	246
GF	REV1	FFP	0	**(507)**	**(507)**	**(742)**	**(952)**	**(1,694)**

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
		CSA Admin	0	11	11	22	22	22

FY 2022-23 Biennial Budget Change Item CS-42

Change Item Title: EIDBI American Indian Culturally Responsive Rate

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	3	15	15
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	3	15	15
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends a change to improve access to culturally responsive services for American Indians by providing access to payment incentives for tribal providers of Early Intensive Developmental Behavioral Intervention (EIDBI).

This proposal costs $3,000 in the FY22-23 biennium and $30,000 in the FY 24-25 biennium.

Rationale/Background:

Early Intensive Developmental Behavioral Intervention (EIDBI) services are provided under the Medical Assistance (MA) benefit. These services provide medically necessary treatment to people under the age of 21 with autism spectrum disorder (ASD) and related conditions. The EIDBI service is intended to educate and support parents and families of people with ASD and related conditions; promote people's independence and participation in community life; and improve long-term outcomes and quality of life for people and their families.

EIDBI providers are reimbursed based on a tiered set of qualifications, which include education and experience criteria. Currently, providers are eligible to receive a higher reimbursement rate if they are fluent in a non-English language. This policy was enacted to incentivize providers who serve historically marginalized communities to provide EIDBI. In conversations with tribal members who served on the EIDBI Advisory Group, DHS became aware that this policy largely barred American Indian providers from receiving the higher reimbursement as many tribal members are no longer fluent in their native language. The Administration of Native Americans report there are 245 indigenous languages in the United States, 65 of which are extinct and 75 of which are near extinction with only a few elder speakers left.

Sociocultural differences vary between American Indian and Indigenous, African American, African-born, Hispanic, Latino, Asian, and Eurocentric communities. In autism diagnosis and treatment, it is important that providers understand these differences, which include communication, eye contact, and play norms.

Proposal:

This proposal addresses concerns that EIDBI providers may not be culturally responsive to participant and family needs by specifying that American Indian EIDIBI providers, regardless of non-English language fluency, would be eligible to receive a higher reimbursement rate, consistent with their ability to meet the unique needs of American Indian children and youth.

Fiscal Impact:

Allowing the EIDBI Level II treatment provider rates for providers that have tribal membership is expected to increase Medical Assistance payments by about three thousand dollars in SFY 2023, and $15,000 per year after that. It is estimated that about 1.1% of Level III providers are tribal members. Level III providers receive 50% of the reimbursement rate for EIDBI services, and level II providers received an 80% reimbursement rate. By moving to a Level II provider, these providers will receive a 60% rate increase. This change is expected to effective January 1, 2023 and phase-in over the course of six months.

Impact on Children and Families:

EIDBI assists children with autism and related conditions including fetal alcohol spectrum disorder (FASD) to increase their school readiness. Ensuring that children receive culturally appropriate services can increase the efficacy of EIDBI Services and lead to better long-term outcomes for children and families. When families have the skills to support their children with autism and related conditions they are able to participate in their communities. The EIDBI Advisory Group and other parent advocates have been consulted in the development of this proposal.

In Minnesota, American Indian students have one of the lowest graduation rates in the state. American Indian student four-year graduation rates across Minnesota were about 55% in 2020. This is compared to about an 85% statewide graduation rate. Many children of color and American Indian children who have autism are misdiagnosed or instead labeled as having behavioral issues and face suspensions, expulsions, and disparate treatment in our schools.

Equity and Inclusion:

American Indian communities have experienced profound trauma because of United States genocidal policies and attempts to eradicate indigenous knowledge and culture. This history of trauma has resulted in intergenerational trauma. For example, children being forcibly removed from their homes and sent to boarding schools where they were neglected; physically and sexually abused; and denied the ability to speak their first language and practice their religion still impacts parenting and family dynamics today. American Indians experience higher rates of substance use disorder, PTSD, and suicide all of which are directly associated with this intergenerational trauma. [108]

A 2009 University of Minnesota study reported that American Indian and Alaska Native children with autism are 13 percent less likely to be identified than white children with the disability.[109] This is not to suggest ASD is less prevalent in Native communities; tribal children just are not being diagnosed, in part due to implicit bias resulting in misdiagnosis or under-diagnosis. Still, American Indian children are overrepresented in Minnesota's EIDBI benefit. Currently about 5% of EIDBI participants are American Indian compared to about 1% of American Indians in the overall population.

According to the Substance Abuse and Mental Health Services Administration (SAMHSA), providers need to understand how people they serve perceive their own cultural identity and how they view the role of traditional practices in treatment. Helping people maintain ties to their native cultures can help prevent and treat substance use and mental disorders. Through reconnection to American Indian and Alaska Native communities and traditional healing practices, an individual may reclaim the strengths inherent in traditional teachings, practices, and beliefs and begin to walk in balance and harmony. Ensuring tribal members can

[108] https://www.psychiatry.org/psychiatrists/cultural-competency/education/best-practice-highlights/working-with-native-american-patients

[109] https://pop.umn.edu/sites/pop.umn.edu/files/racial_disproportionality.pdf

access the culturally responsive EIDBI Level II and III rates will help incentivize tribal members to provide EIDBI services in Minnesota and improve the state's ability to ensure culturally responsive services

Results:

Early Intensive Developmental and Behavioral Intervention

Currently DHS monitors the number of enrolled providers at the different reimbursement levels. The higher enrollment level, with Level I being the highest, coincides with more training, support and retention. Over the last year, there has been a steady increase in Level II providers, while Level III providers have remained stagnant. This growth may be explained, in part, by the change made in 2017 that allowed providers who were fluent in a non-English language to move to a higher reimbursement level. Therefore, it is anticipated that this proposal would result in similar growth, proportionate to American Indian provider population and potential provider population.

IT Related Proposals:

There are no IT or systems costs for this proposal.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY22	FY23	FY 22-23	FY24	FY25	FY24-25
General Fund		3	3	15	15	30
HCAF						
Federal TANF						
Other Fund						
Total All Funds		**3**	**3**	**15**	**15**	**30**

Fund	BACT#	Description	FY22	FY23	FY 22-23	FY24	FY25	FY24-25
GF	33	Medical Assistance (LW)	0	2	2	12	12	24
GF	33	Medical Assistance (ED)	0	1	1	3	3	6

Requested FTE's

Fund	BACT#	Description	FY22	FY23	FY 22-23	FY24	FY25	FY24-25
			0	0	0	0	0	0

Statutory Change(s):

Section 256B.0949

FY 2022-23 Supplemental Budget Change Item CS-53

Change Item Title: Children's Mental Health Respite Grant Clarifications

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
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 redefining the scope of allowable expenses under the Children's Mental Health Respite Care grant program to include forms of respite care services that are family-centered and culturally affirming. The proposal also increases access for children who are already in out of home placement, but who are at risk of a change in placement or a higher level of care due to mental health conditions.

This proposal is a budget neutral change.

Rationale/Background:

The Children's Mental Health (CMH) Respite Care Grant is authorized under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (3). Minnesota counties and tribal governments are eligible to apply for and administer the CMH Respite Care Grant. CMH respite care services offer temporary relief to

families of children with emotional disturbances or severe emotional disturbances who are at risk of out-of-home placement. The purpose of the CMH Respite Care Grant is to:

- Provide the parent or caregiver a temporary break/relief from the care of the child
- Reduce family stress and improve child and family functioning
- Prevent out-of-home placement and promote family preservation

In recent years DHS has allowed respite care services for children with emotional disturbances or severe emotional disturbances who are in out of home placement, or foster care, as well as children who are at risk of out of home placement. Children in foster care are more likely than children who have never been in placement to be at risk of being placed again.

In 2017, a study about the Children's Mental Health Respite care grant was completed for the Department of Human Services (DHS) by a contracted vendor. To inform the study, the vendor reviewed a variety of data sources and interviewed stakeholders from across the state to solicit feedback on children's mental health (CMH) respite care services and completed a review of national best practices in respite care services for children with severe emotional disturbance. The report included a broader description and examples of respite care services based on input from focus groups. For example, respite was described as a break not only from the family, but a break from the family's circumstance, such as when the whole family does the activity together[110].

Since that study, DHS grant managers have regularly engaged with county and tribal grantees regarding the administration of the Children's Mental Health (CMH) Respite Care Grant and the needs of children with significant mental health issues and their families. The COVID-19 pandemic was also a key opportunity for learning how respite care services could better serve families more flexibly, and based on the unique needs of each child and family when there was limited access to more traditional forms of respite care. Based on reports by our grantees, it was discovered that other forms of respite care helped reduce family stress and improve child and family functioning under the extreme circumstances associated with COVID-19.

This proposal aligns the CMH respite care statute with outcomes from the study on respite care, learnings from the COVID-19 pandemic, and community wisdom to ensure eligibility and allowable uses of the grant support improved outcomes for children and families.

Proposal:

This proposal clarifies the scope of allowable expenses under the Children's Mental Health Respite Care grant program and expands eligibility to children who are already in out of home placement, but who are at risk of a change in placement or a higher level of care due to their mental health conditions. Allowable expenses includes:

[110] Respite Care Services Final Report, p. 9 (PCG, June 2017)

- Recreational, sport and non-sport extracurricular activities and programs for the child such as camps, clubs, activities, lessons, group outings, sports, or other activities and programs;
- Family activities, camps, and retreats that the whole family does together and provides a break from the family's circumstance;
- Cultural programs and activities for the child and family designed to address the unique needs of individuals who share a common language, racial, ethnic, or social background; and
- Costs of transportation, food, supplies, and equipment directly associated with approved respite care services, and expenses necessary for the child and family to access and participate in respite care services.

Fiscal Impact:

This proposal is budget neutral. Expanding the eligibility standards will not increase spending. The annual grant appropriation is $1,524,000 and these changes will remain within this appropriation amount.

Impact on Children and Families:

DHS grant managers have regularly engaged with county and tribal grantees regarding the administration of children's mental health respite care services and the needs of children with significant mental health issues and their families. The grant application specifies that grantees are required to utilize a culturally-affirming, person/family-centered, strengths-based approach. The child, parents, guardians and family members must be active participants in the planning of respite care services for their family. Grantees must demonstrate service and outreach with underserved communities including individuals who are experiencing disparities because of race, ethnicity, language or social status, inability to access care, and other barriers to receiving services their region[111].

Equity and Inclusion:

The most recent available data from Minnesota's Out-of-Home Care and Permanency Report indicates that American Indian children were 18.2 times more likely, African American children more than 2.9 times, and those identified as two or more races were 5.1 times more likely than white children to experience out-of-home care. Twenty-three percent (23%) of children that entered out of home placement in 2017 had a disability. Nearly sixteen percent (15.9%) had an emotional or severe emotional disturbance.[112]

Including the costs of transportation, food, supplies, and equipment directly associated with allowable respite care services is essential to ensure that families will have access that might otherwise be denied to due to

[111] Application for counties and tribal governments to provide respite care services to children with severe emotional disturbance (Department of Human Services – Behavioral Health Division, November 2019)

[112] Minnesota's Out-of-Home Care and Permanency Report, 2018

financial limitations and socioeconomic status. This ensures equity across diverse populations who have historically been marginalized and impacted by disparities. When a child needs to go to a respite provider for planned or emergency respite care and the respite provider, such as a family member with whom the child has a relationship with, cannot afford or does not have food, personal care items, a bed or other items necessary to care for the child, it impacts the child's wellbeing and quality of care.

Impacts to Counties:

The proposal is not expected to have a financial impact on counties or result in increased expenditures. The proposal will, however, impact how counties can use children's mental health respite care grant funds and the children they are able to serve with the grants.

The proposed changes are based on feedback from tribes and counties through ongoing engagement by grant managers regarding their administration of children's mental health respite care service grants. DHS convened meetings with tribes and counties in January and June 2021 regarding how respite care services can best meet the needs of children and families.

Impacts to Tribes:

The proposal is not expected to have a financial impact on Tribal Nations or result in increased expenditures, though it will impact how Tribes can use children's mental health respite care grant funds and the children they are able to serve with the grants.

The proposed changes are based on feedback from tribes and counties through ongoing engagement by grant managers regarding their administration of children's mental health respite care service grants. DHS convened meetings with tribes and counties in January and June 2021 regarding how respite care services can best meet the needs of children and families.

Further developing and defining the scope of respite care services is necessary so American Indian communities are afforded equitable access and opportunity. Changes to the grant program requested by American Indian tribes includes the following:

- Food be allowable and reimbursable under the grant; this must happen as part of participation in cultural programs and ceremonies as a form of respite care. Coming together to share a meal is a key cultural component for American Indian tribes and tradition. By excluding the costs of food in conjunction with cultural ceremonies as respite care, American Indian families and communities are denied access.

- Children already in *out-of-home placement* be eligible under the grant. American Indian children are at higher risk of out-of-home placement. Primary caregivers may include other family and community members, who may also need a break from the responsibilities of caring for the child.

Other needs identified include opportunities for community-based and group activities for the child, as well as family activities and programs that provide a break from the family's circumstance, such as when the whole family does the activity together.[113]

- Children participate in recreational, sport and non-sport activities, camps and after-school activities. Children participate in these activities and under the supervision and care of other adults for several hours or overnight.

- Family activities for participation by the child and their family. Family activities as a form of respite provides a form of relief to the parent/caregiver and their family from the circumstances and stressors associated with caring for a child with significant mental health needs. Such activities reduce family stress and improve child and family functioning, and support the goal of preventing out-of-home placement and promoting family preservation.

- Family camps and retreats are another example of family-centered respite care, which is recognized nationally and options recommended by the ARCH National Respite Care Network[114]. Children and their families participate in daylong, overnight, weekend, or weeklong activities away from home. Family members and caregivers may be present and, in some cases, receive training or participate in their own group activities while the children are receiving supervision and care.

Results:

There were 1,195 children served by CMH respite care grants in fiscal year 2021. Most of the youth served (98%) had a severe emotional disturbance and most youth (98%) work with a case manager. Of the youth served by CMH respite care grants in FY 2021, 72% are White, 11% are African American, 8% are American Indian or Alaskan Native, 7% are Multiple Races, 1% are Asian, the racial background of 1% is unknown, and less than 1% are some other race. Additionally, 14% of youth served identify as Hispanic or Latinx and 3% self-identify as LGBTQ.

IT Related Proposals:

There are no systems changes needed for this proposal.

[113] Respite Care Services Final Report, p. 9 (PCG, June 2017)

[114] ARCH National Respite Network (August 2011). National Respite Guidelines – Guiding Principles for Respite Models and Services as cited in Respite Care Services Final Report, p. 25 (PCG, June 2017)

FY 2022-23 Supplemental Budget Change Item CS-43

Change Item Title: SUD Direct Access Implementation & 1115 Demonstration Compliance

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	543	726	637
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	543	726	637
FTEs	**0**	**2**	**2**	**2**

Request:

The Governor recommends finalizing the multiyear transition to "direct access" for substance use disorder treatment, ensuring compliance with federal requirements and that people seeking substance use disorder services funded by Medical Assistance and the Behavioral Health Fund have access to client-centered and equitable models of care.

This proposal costs $543,000 in the FY 22-23 biennium and $1.363 million in the FY 24-25 biennium.

Rationale/Background:

Minnesota has been in a multi-year process of reforming how people access substance use disorder services in order to transition to a more person-centered and equitable model of care. A 2013 legislative report[115], *Minnesota's Model of Care for Substance Use Disorder,* recommended a transformation of our state's substance use disorder (SUD) treatment system from an acute, episodic model of treatment to a longitudinal model of care for a chronic disease. The report recommendations included replacing the current "placing authority" or "Rule 25" process with a streamlined process that would allow direct access to substance use disorder services through a comprehensive assessment completed by a substance use disorder provider, who would make a clinical determination and approve treatment services based on a comprehensive assessment.

In November 2020 DHS began implementation of direct access, while still leaving in place the existing Rule 25 assessment and referral process using counties and tribes as placing authorities. This parallel process has allowed time for both DHS and SUD providers to transition to direct access, with full implementation becoming effective on July 1, 2022. Additionally, DHS has a federal 1915b waiver, which allows the state to waive client choice of provider that expires on June 30, 2022, and is necessary for the current placing authority/Rule 25 process. The Centers for Medicare and Medicaid Services (CMS) has requested DHS move to client choice of provider for SUD treatment services and has indicated they are no longer willing to continue extending the waiver. This proposal ensures compliance with federal requirements after the expiration of the waiver.

Minnesota's 1115 Substance Use Disorder (SUD) System Reform Demonstration is a federal Medicaid demonstration that allows states to improve access to high quality clinically appropriate treatment for substance use disorders for Medicaid beneficiaries. CMS requires that states demonstrate how they are implementing evidence-based treatment guidelines, such as those published by the American Society of Addiction Medicine (ASAM). The federal demonstration, through the implementation of ASAM Criteria, also seeks to enhance evidence-based assessment and placement criteria for the purposes of matching individual risk with the appropriate ASAM level of care and increase standards for treatment coordination to ensure care transitions to additional needed services. This proposal ensures DHS is in compliance with Minnesota's Special Terms and Conditions contract with CMS for the state's 1115 SUD System Reform demonstration.

Proposal:

This proposal includes the following components: (1) Direct Access implementation; (2) Repurposing of the Administrative Allocation for Counties and Tribal Nations (3) 1115 substance use disorder compliance and definitions; and (4) Expansion of current utilization management for all treatment services.

Direct Access Implementation

[115] https://www.leg.mn.gov/docs/2013/mandated/130622.pdf

Significant changes to multiple areas of statute including Minnesota Statutes, chapters 254A, 254B, 245G, and 245F are needed to complete transitioning substance use disorder treatment services to direct access on July 1, 2022. This proposal will complete necessary steps to finalize the removal of placing authorities and ensure compliance with the direct access process. The proposal eliminates the historical placing authority role, which is the built-in referral process between the placing authority and SUD provider, and further clarifies the process for direct client access to SUD services. The proposal also promotes access to SUD treatment by eliminating time lag hurdles and outdated requirements. As a part of moving to full direct access, the proposal also:

- Removes obsolete references to Rule 25 assessments and updates them, as necessary, to comprehensive assessment and direct access
- Moves rule-based vendor and client eligibility for the behavioral health fund and inserts assessment risk descriptions into statute
- Eliminates placing authority language and placement criteria, replacing it with clinical judgement
- Changes the time for eligibility redetermination of the behavioral health fund from 6 months to 12 months to be consistent with Medicaid rules

Training and education on direct access has been occurring regularly over the past two years, covering topics around policy, clinical practices, and billing. Trainings for direct access have and will continue to be targeted to SUD providers, counties and Tribes. There are current efforts to launch a public awareness campaign related to direct access to reach a broader audience and we continue to refine our public website to offer a "one stop shop" webpage for easy access to the direct access initiative. This proposal includes one FTE to ensure consistent communication about direct access, help coordinate or conduct trainings and education for providers, and facilitate engagement with community members so that those seeking treatment know how to access services and another FTE for working with other direct access implementation issues.

Repurposing of the Administrative Allocation for Counties and Tribal Nations

Although the Rule 25 assessment process will be ending with the full implementation of direct access on July 1, 2022, counties and Tribes continue to have the need to support their residents in accessing SUD services. This proposal supports a budget-neutral repurposing of the administrative allowance paid through the Behavioral Health Fund to counties and Tribes to support administrative activities related to determining eligibility for public health care programs and providing substance use disorder treatment.

The funding can be used to support individuals getting access to SUD treatment services and other needed social services, including financial eligibility determination expenses and assisting individuals enrolling and maintaining enrollment for Medicaid or Behavioral Health funding. The administrative allowance is based on the total claims paid per county or Tribal Nation and was rebased in 2010 from claims activity in 2009. The proposal does not change the formula used to determine the administrative funding amount available to counties and Tribes. . **Based on the DHS spending forecast, local agencies are projected to receive about $3,000,000 annually.**

1115 SUD Demonstration Compliance and American Society of Addiction Medicine (ASAM) Standards

This proposal adds definitions for the American Society of Addiction Medicine (ASAM) criteria and skilled treatment services to Minnesota Statutes, chapter 254B, as well as definitions to define outpatient substance

use disorder (SUD) treatment levels of care. As a part of the required criteria under the 1115 SUD demonstration, Minnesota is responsible for defining standards for the implementation of ASAM levels of care, enhancing evidence-based placement assessment criteria for the purposes of matching individual risk with the appropriate ASAM level of care, and increasing standards for treatment coordination to ensure that care transitions to needed services are completed.

The ASAM criteria are nationally recognized standards of evidence based care which are person-centered, allow an individual to choose the appropriate level of care, and achieve improved outcomes by matching client risk with level of care. It will be beneficial to use this nationally accepted standard of structuring care, due to the improved matching of services with client need. Additionally, incorporating all of the American Society of Addiction Medicine (ASAM) levels of outpatient care provides extra foundation for the next steps of ASAM implementation into Minnesota's State Medicaid Plan. Codifying these levels of care into statute creates a structure for rate reform and broader system reform efforts.

Adding these definitions will further develop a framework that ensures compliance with federal Centers for Medicare and Medicaid Services (CMS) criteria for implementation of the 1115 SUD Demonstration. The definition included for ASAM specifies which services are treatment services as compared to services that are more ancillary. For example, skilled treatment services do not include treatment coordination and peer support as they are not provided by a licensed professional. This proposal also adds levels of care under vendor eligibility for early intervention, outpatient, and intensive outpatients' substance use disorder (SUD) treatment services. More contracting resources are needed for training for these services by January 2024. This information is detailed in the fiscal section.

Expansion of utilization management for all treatment services and training

The transition to Direct Access effectively means that licensed practitioners will conduct comprehensive assessments to determine medical necessity and the appropriate level of care for an individual. The qualified professional will use ASAM frameworks to determine the appropriate level of care. In the old system—before Direct Access was fully implemented—counties and tribes determined placements, using a treatment planning guide. State rule related to treatment planning decisions are no longer needed with the elimination of county and tribal placing authorities.

This proposal includes contract costs for expanding the scope of utilization management reviews and portal training for all treatment services to ensure people receive treatment at the appropriate level of care. Currently, the contractor only oversees 1115 SUD Demonstration project providers. The costs are detailed in the fiscal section.

Impact on Children and Families:

There are programs that serve individuals with children, as well as programs that have family preservation services, in Minnesota. Substance use disorder (SUD) treatment programs work closely with individuals referred by child protection cases in order to support family systems. DAANES data from 2020 indicates that 2.5% of SUD referrals come from child protection social services. Almost 9% of individuals report child

protection involvement. Of those participating in treatment, approximately 5% report their condition surrounding admission is to either retain or regain custody of children. Four percent of individuals receiving SUD treatment report they are pregnant.

Full implementation of direct access and repurposing the administrative allocation supports children and families seeking SUD services by allowing individuals to choose a program of their choice and access the services when they need them. The American Society of Addiction Medicine (ASAM) levels of care support all those seeking substance use disorder services, with differentiation in requirements for adult and adolescent services as is clinically appropriate.

Equity and Inclusion:

It is expected that disproportionately affected groups may receive particular benefit from adding American Society of Addiction Medicine (ASAM) related definitions to statute. The impact will be beneficial because this change would improve the use of evidence-based placement assessment criteria and matching individual risk with the appropriate ASAM level of care to ensure beneficiaries receive the treatment they need. Refined matching of individuals to levels of care has been shown to improve retention and efficacy of multidimensional, biopsychosocial SUD services, which may be of particular benefit to populations experiencing health disparities.

Repurposing the administrative allocation and ensuring successful implementation of direct access has a positive impact on equity because it helps ensure that individuals are able to access SUD treatment. In 2020, there were approximately 54,000 admissions to substance use disorder treatment in Minnesota[116]. Of the individuals admitted to treatment, 67% identify as White, 12% as African American, 10% as Native American, 5.5% as Hispanic, 1.5% as Asian or Pacific Islander, and 4% as "other." The number of African American and Native American individuals seeking services is significantly disproportionate to the population in Minnesota (Minnesota population according to the US Census Bureau: 83% White, 7% Black, 5.5% Hispanic, 5% Asian, 1% American Indian or Alaskan Native, and 3% with two or more races). Approximately 2.5% of individuals admitted to treatment identify as veterans.

Impacts to Counties:

This proposal keeps the county administrative allocation intact. This proposal is not expected to impact county operations, processes, or administration. Counties are aware that direct access will be fully implemented on July 1, 2022.

Impacts to Tribes:

This proposal keeps the tribal administrative allocation intact. Contracts with Tribes will need to be updated to incorporate the repurposing of the administrative allocation as the funds will no longer be used to support the

[116] DAANES data

Rule 25 assessment process. This proposal is not expected to impact tribal operations, processes, or administration and the proposal is not the result of a tribal summit. Tribal nations will be able to incorporate the American Society of Addiction Medicine (ASAM) definitions and levels of care as they see fit.

Results:

Minnesota's 1115 Substance Use Disorder System Reform demonstration project allows the state to receive federal Medicaid funds for people receiving treatment in participating Institutions of Mental Disease (IMDs) when incorporating and reporting on metrics demonstrating that certain outcomes are in fact improving for Medicaid beneficiaries as the result of the demonstration. The demonstration seeks to achieve the following goals:

1. Increased rates of identification, initiation and engagement in treatment for SUD;
2. Increased adherence to, and retention in, treatment for SUDs;
3. Reductions in overdose deaths, particularly those due to opioids;
4. Reduced utilization of emergency departments and inpatient hospital settings for SUD treatment when the utilization is preventable or medically inappropriate, through improved access to more appropriate services available through the continuum of care;
5. Fewer readmissions to the same or higher level of care for readmissions that are preventable or medically inappropriate; and
6. Improved access to care for physical health conditions among beneficiaries with SUDs.

DHS is required to submit quarterly and annual reports that incorporate outcomes on 35 claims-based metrics to track trends related to these goals. To fulfill this commitment, Minnesota will assess for sufficient provider capacity at, and beneficiary access to, ASAM critical levels of care in partnership with the National Opinion Research Center (NORC) through an independent evaluation of the overall demonstration. In partnership with NORC, DHS will submit a Mid-Point Assessment, Interim Evaluation Report, and Summative Evaluation Report to the Centers for Medicare and Medicaid Services (CMS) identifying the state's impact on the Medicaid program's goals and objectives. CMS also requires that the state implement utilization management practices, including an independent process for reviewing residential stays, to help the state determine if patients are receiving the appropriate level of care at the appropriate time.

Fiscal Impact:

The following administrative costs are included in the fiscal table below:

- One permanent FTE noted above for communication, training and facilitation for accessing services,
- One permanent FTE for addressing direct access implementation issues,
- MNIT costs as noted in the IT section and,
- Increased existing contract funding for providing utilization management (UM) reviews, including post payment reviews and ongoing clinical and portal training for those providers who are currently not part of the 1115 demonstration. UM reviews will help the State monitor placements to necessary levels of care and appropriate treatment services at each level of care. This will also allow for initial investigations to align with the state's fraud, waste and abuse rules as needed, however this is not the primary focus of UM. This funding will provide resources to ensure that providers

statewide are included in the ASAM updates noted in the narrative above. The contract costs are phased in over time; it is assumed that 25% of providers would be covered in FY 23, 50% in FY 24 and 100% in FY 25.

- ASAM criteria is copyrighted material and certification is required to conduct ASAM trainings. Increased contract costs of $300,000 per year are needed in SFY 2023 and SFY 2024 with an approved trainer or training institute to expand professional learning opportunities to embed ASAM into consistent practice across Minnesota's SUD system. Training will initially be targeted to 1115 demo participants, then rolled out to all SUD licensed programs. Costs are estimated to provide training for 750 individuals per year. Training topics will include, but not be limited to, the following:
    - Assessment & placement criteria
    - Treatment coordination
    - Interdisciplinary treatment planning
    - Peer recovery supports
    - Transition planning

IT Related Proposals:

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll						
Professional/Technical Contracts						
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)		5	1	1	1	1
Total		5	1	1	1	1
MNIT FTEs						
Agency FTEs						

The system changes include updates to ASAM nonresidential levels of care which are to be identified as provider specialty values on the provider file. These values were previously add to the MPSE system in January 2020. This DAANES system work is minor and will be tested by the developer and lead business staff. These systems changes are estimated to require 50 hours of work, take approximately 2 weeks to complete, and cost of a total of $4,600 for initial development.

In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.It is assumed that the state share is 50% of the total cost.

Notes for GO/MMB:

Counties and Tribes have expressed the need to continue to receive administrative allowance funds to support residents even after the transition to full direct access on July 1, 2022. Counties had proposed pretreatment coordination services as a potential way to assist individuals the past two legislative sessions, but the proposal did not pass the legislature. DHS has heard some concern from counties about the administrative allocation formula. It is important for DHS to acknowledge the repurposing of the administrative allowance as it is not entirely clear what the intent is for these funds with the transition to full direct access. We anticipate counties and tribes to be supportive of the repurposing of funding.

Ongoing stakeholder engagement has been occurring with providers and the 1115 SUD System Reform Demonstration Workgroup (SUD providers who were recipients of the original Request for Proposal), including a presentation on the intensive outpatient level of care. Some providers may oppose the limits to service delivery hours established within American Society of Addiction Medication (ASAM) defined levels of care. If providers opt to provide a greater number of hours and higher level of care, it will require additional resources. While this proposal supports the 1115 demonstration project, it identifies levels of care for all nonresidential programs whether they are part of the demonstration or not. Providers have expressed concern about the lack of the partial hospitalization level of care as a part of the 1115 demonstration so having a definition for partial hospitalization will help resolve that concern.

DHS will reach out to the Minnesota Association of Resources for Recovery and Chemical Health (MARRCH), a professional association of SUD provider organizations and behavioral health professionals, as well as the American Indian Advisory Council to communicate about these changes. Additionally, the 1115 SUD System Reform Demonstration is developing an evaluation workgroup that begins in October 2021 and it will have a component that addresses implementation of the ASAM levels of care across the state and can help address any barriers that get identified.

The key component related to the ASAM definitions and levels of care is adding an intensive outpatient level of care so the state will remain in compliance with CMS and implementation of the state's 1115 Substance Use Disorder (SUD) System Reform federal Medicaid demonstration. If adding definitions for levels of care other than intensive outpatient causes controversy, that component could be removed from the proposal as those definitions are not necessary for DHS to remain in compliance with CMS and 1115 demonstration requirements.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	543	543	726	637	1,363
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		543	543	726	637	1,363

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	15	CSA admin- FTE for training and work on direct access	0	222	222	254	254	508
GF	15	CSA admin- contract- utilization management (UM) reviews	0	273	273	512	682	1194
GF	15	CSA admin- contract- training	0	300	300	300	0	300
GF	REV1	FFP for admin @32%	0	(254)	(254)	(341)	(300)	(641)
GF	11	Systems costs- 50% FFP- state share	0	2	2	1	1	2

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
		CSA admin	0	2		2	2	

Statutory Change(s):

The proposal includes changes to several statutes including chapters 254A, 254B, 245G, and 245F.
The proposal is necessary with the expiration of MN's CMS 1915b waiver (6/30/2022), to remove all roles, requirements and responsibilities of placing authorities and allowing full implementation of direct access.

FY 2022-23 Supplemental Budget Change Item CS-50

Change Item Title: Reducing Disparities and Healing Communities: Investments to Address the Opiate Epidemic

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	539	539	2,539
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	539	539	2,539
FTEs	**0**	**4**	**4**	**4**

Request:

The Governor recommends strategic and equitable investments to utilize increased revenue in the opiate fund and to address the opiate crisis. This proposal transfers funding from the opiate fund to address the opiate crisis by dedicating resources to disproportionately impacted communities and measuring outcomes to identify promising practices that could be expanded and replicated statewide.

This proposal has a fiscal impact of $539,000 in FY 23 and FY 24 and $2.539 million impact in FY25 to the Opiate Epidemic Response Account in the Special Revenue Fund.

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 2019 and 2020 alone, the number of deaths increased by 53 percent. Additionally, this crisis has drastic and increasing disproportionate impacts across the state. 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 (see data here).

The State of Minnesota is a both a leader and a partner in addressing the opioid epidemic. We're using existing collaborative efforts, and we're forming new collaborations with partners inside and outside of government. The Opiate Epidemic Response Advisory Council (OERAC) was authorized by the 2019 Legislature to develop and implement a comprehensive, statewide effort to address opiate addiction and overdose in Minnesota. The council makes recommendations to DHS on funding priorities and works with DHS and MMB to develop measurable outcomes that assess the efficacy of funds allocated to address the epidemic. The council includes legislators, providers, advocates, county and tribal representatives, and state agency staff. Funding for the Opiate Epidemic Response Account is collected through registration and license fees assessed by the Board of Pharmacy, as well as funds from settlements between the state and opiate manufacturers.

In August 2021, led by the Minnesota Attorney General, Minnesota joined a large multistate coalition in announcing a $26 billion national settlement agreement with major opioid manufacturer Johnson & Johnson and the nation's three major pharmaceutical distributors — Cardinal, McKesson, and AmerisourceBergen. Minnesota's maximum share of the settlements is over $300 million, if all local subdivisions sign on to the settlement agreement. The agreement is pending, but nearly finalized.

These settlements present a profound opportunity for the state to dedicate resources to combat the opiate crisis, which impacts so many people and families across the state. Settlement money is anticipated to begin flowing to the state in April 2022.

Proposal:

This proposal transfers funding from the opiate fund to address the opiate crisis by dedicating resources to disproportionately impacted communities, reconstructing the funding framework so that funds are available and predictable, and measuring outcomes to identify promising practices that could be expanded and replicated statewide. The total fiscal impact $485,000.

Dedicating resources to disproportionately impacted communities

The opiate epidemic has drastic and increasing disproportionate impacts across the state. 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 (see data here). This provision makes three changes:

(1) Modifies membership of the Opiate Epidemic Response Advisory Council (OERAC) to add a member from each sovereign tribal nation.

OERAC Tribal Membership. Effective July 1, 2022, this provision expands tribal membership on the Opiate Epidemic Response Advisory Council to include a representative from each of Minnesota's eleven tribal nations. State statute currently only allows for representatives of the Ojibwe and Dakota tribes and not a representative from each federally recognized tribal nation. The current membership of the council does not provide for adequate representation of each tribal nation. Tribal Nations have sovereign status and should be treated as independent entities in governmental affairs.

(2) Requires that 30% of OERAC grants are awarded to projects that have culturally-specific or culturally responsive components.

Culturally-Responsive OERAC Grants. Effective July 1, 2022, this provision would require that a minimum of 40% of grants recommended by the OERAC are dedicated to culturally responsive or culturally specific initiatives. The OERAC is committed to addressing disparities and has integrated equity-focused criteria in their competitive requests for proposals. The most recent awards affirm this commitment to equitable outcomes, with over 40% of awards directed at culturally responsive initiatives. Codifying this commitment in state law will ensure an ongoing commitment to address disparities.

(3) Adds Traditional Healing grants into the base funding.

Traditional Healing grant base funding. Effective July 1, 2022 this provision would add traditional healing grants into base funding. The grants are currently set to expire at the end of fiscal year 2024. Traditional healing grants are awarded to all tribal nations and to five urban Indian communities for traditional healing practices to American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce.

Research consistently points to the value of traditional healing practices designed and delivered by American Indians, for American Indians. Traditional healing for American Indians has outcomes equivalent to conventional interventions in other populations. Traditional healing is proven to:

- Address whole health and the root cause of inter-generational trauma
- Promote self-esteem and resiliency
- Keep families intact
- Help with identity formation and/or reclamation
- Be utilized as a coping skill
- Connect children, adults and elders and promote positive community integration and presence
- Help assign meaning and purpose to life

Measuring outcomes to identify promising practices

A significant amount of settlement dollars are expected to begin flowing to counties and cities in 2022. The Minnesota State-Subdivision Agreement requires that the parties establish a reporting workgroup that includes representatives of the Attorney General's Office, state stakeholders, and city and county representatives, who will meet on a regular basis to develop reporting and compliance recommendations. This proposal codifies basic reporting requirements and evaluation measures in state law to ensure the OERAC continues to be able to fulfill their duties of overseeing statewide implementation of strategies to address the opiate epidemic. It will also provide administrative funding to ensure DHS and MMB can support county and city reporting efforts and enable MMB to conduct impact evaluations of settlement-funded projects. DHS and the OERAC are already subject to annual legislative reporting requirements in state law.

Establishing evaluation measures for county and city reporting will ensure that: (1) the state and OERAC have access to data that is conducive to outcome evaluation and not extraneous or overly burdensome for local governments to provide and (2) policymakers and stakeholders have access to evidence-based or promising practices, setting the stage for statewide replication and sustained investments.

Impact on Children and Families:

This proposal may positively impact families and children from American Indian families. First, having more equitable representation of tribal nations on the Opiate Epidemic Response Advisory Council will allow for a more inclusive discussion and recommendations from the council on how to respond to the opioid epidemic in our state, which Minnesota's tribal nations have been greatly impacted by.

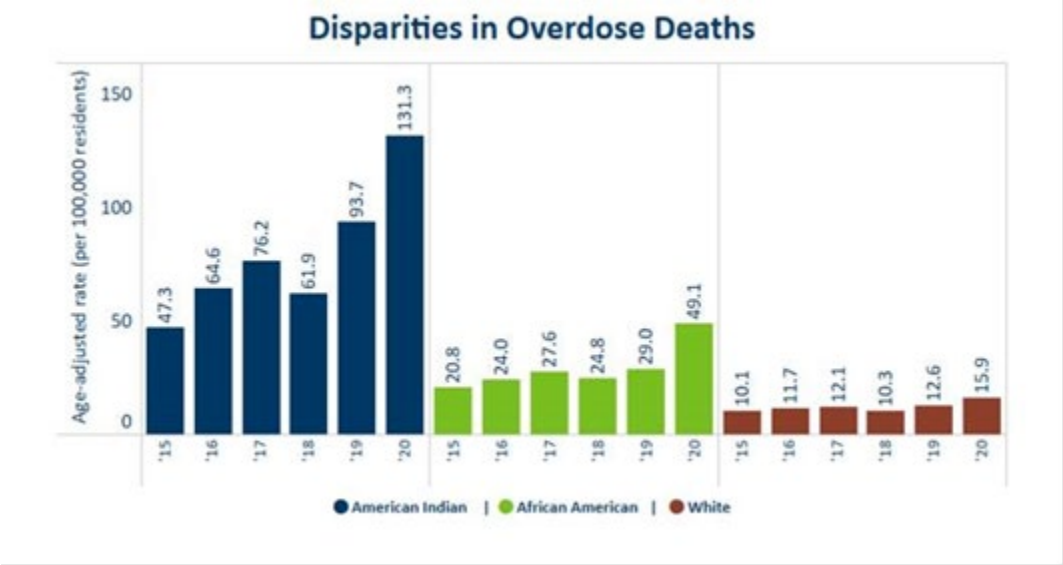
Next, addressing opiate use among parents and potential exposure to children would improve outcomes for children and families. Chronic opiate exposure to the unborn baby during the mother's pregnancy or upon abrupt discontinuation of opioid after birth can result in newborns showing signs of opiate withdrawal, termed Neonatal Abstinence Syndrome (NAS) or Neonatal Opiate Withdrawal Syndrome (NOWS). NOWS is characterized by a wide array of symptoms including increased irritability, hypertonia, tremors, feeding intolerance, watery stools, seizures and respiratory distress, etc.

From 2010 to 2014, rates of NOWS more than doubled in Minnesota. Babies that are born with NOWS are more likely to be born preterm, have low birth weight and have inadequate or no prenatal care. It is important to remember that not all mothers of babies born with NOWS are diagnosed before birth as being dependent on opiates, not all pregnant women dependent on opiates give birth to a NOWS baby. Therefore, opiate dependency in some percentage of pregnancies will remain unknown as there is no universal screening for substance use disorders in pregnancy.

Additionally concerning is the disparities that occur in NOWS. More than one in ten pregnancies among American Indian women have a diagnosis of opiate dependency or abuse during pregnancy. NAS occurs when newborns withdraw from opiates due to maternal opioid use during pregnancy. In Minnesota, there is an 8-fold higher rate of NAS among infants born to American Indians.

Equity and Inclusion:

There are stark disparities in prescription drug overdoses among racially and ethnically diverse populations in Minnesota. Opioids and other drugs have been especially harmful in tribal communities and communities of color in Minnesota. In 2015, American Indian Minnesotans were five times more likely to die from a drug overdose than white Minnesotans, and African American Minnesotans were two times more likely to die from a drug overdose than white Minnesotans. As of 2020, American Indian or Alaska Natives made up about 11% of opiate overdose deaths, compared to making up about 1% of Minnesota's overall population. Black or African American people made up about 21% of opiate deaths compared to making up about 6.5% of Minnesota's overall population. White people made up about 68% of total opiate deaths in 2020 compared to making up about 83% of Minnesota's population.



The urgent need to reach American Indian and African American communities is supported though numerous data sources. Although American Indians make up an estimated 1 percent of the state's population, they made up 15.8 percent of those who entered the treatment for opioid abuse during the state fiscal year 2015. American Indian communities are 8.7 times more likely to be diagnosed with maternal opiate dependency or abuse during pregnancy compared to non-Hispanic whites; infants are 7.4 times more likely to be born with neonatal abstinence syndrome (NAS) now referred to as Neonatal Opioid Withdrawal Syndrome.

African Americans made up an estimated 5.8 percent of Minnesota populations are African American (nonHispanic) but make up 10.1 percent of the treatment population for opioid abuse in state fiscal year 2015. In addition the age-adjusted drug overdose mortality rate for African American/Blacks in Minnesota is the sixth highest in the U.S. (among the 38 states for which data are available). However, the age-adjusted disparity rate ratio of African Americans/Blacks relative to white's ranks first in the U.S., meaning death due to drug poisoning was two times greater among African Americans/Blacks relative to Whites.

Impacts to Counties:

This proposal would require counties to report basic data on the use of settlement dollars. The reporting will be streamlined and DHS staff will support counties to submit the information. The OERAC and DHS are already required to submit annual reports to the legislature on the use of opiate fund grants, so this requirement, while more minimal, will work toward consistent statewide reporting.

Impacts to Tribes:

This proposal aims to have a positive impact on Tribes by providing additional membership on the OERAC and funding to support traditional healing practices and culturally responsive initiatives. DHS does not propose to reduce tribal funding for child protection and tribes will continue to be eligible to apply for OERAC grants.

Results:

This proposal will require quantitative and qualitative data reporting and continued outcome evaluation to identify promising practices.

IT Related Proposals:

There are no IT or systems costs for this proposal.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
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	485	485	485	2,539	3,078
Total All Funds	0	485	485	485	2,539	3,078

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
SR-OERA	15	Opioid Advisory Council	0	54	54	54	54	108
SR – OERA	57	Transitional Healing Grants	0	0	0	0	2,000	2,000
SR – OERA	15	CSA FTE's - OERAC Grants (2) and Reporting/Data Analysis (2)	0	485	485	485	485	970

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
				4		4	4	

Statutory Change(s):

256.042; 256.043

FY 2022-23 Supplemental Budget Change Item HC-64

Change Item Title: Enhancing MHCP COVID-19 Vaccination Rates

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	1,116	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	1,116	0	0
FTEs	**0**	**1.5**	**0**	**0**

Request:

The Governor recommends taking action to address vaccination disparities due to the COVID-19 pandemic among Minnesota Health Care Program (MHCP) enrollees. This proposal would increase General Fund expenditures by $1,116,000 in the FY2022-2023 biennium and by $0 in the FY2024-2025 biennium.

Rationale/Background:

On August 30, 2021, CMS issued guidance that provides states with additional information regarding strategies for increasing COVID-19 and influenza vaccine uptake. The letter indicated that states may:

1. Request the federal administrative match at 50% to fund monetary incentives for Medical Assistance, Minnesota's Medicaid program, enrollees receiving COVID-19 or flu vaccines;
2. Use the federal funds for provider bonuses or incentives, including managed care incentives;

3. Provide temporary rate increases using either the state plan or Appendix K authority to provide paid time off for direct support professionals to get vaccines, and;
4. Fund vaccine outreach activities targeting Medicaid beneficiaries (i.e., training call center workers, establishing websites, and/or coordinating with CMS on their "Connecting Kids to Coverage" initiative).

This new guidance does not provide a defined pot of money for states, but rather issues a reinterpretation of existing administrative rules to allow states to access this funding.

Department of Human Services (DHS) data shows that Minnesotans who get their health care coverage through the state's public health care programs had far lower COVID-19 vaccination rates than Minnesotans as a whole. This disparity occurs in every age, racial, and ethnic demographic group. According to data available from September 2021, only 46.8% of eligible Minnesota Health Care Programs enrollees were fully vaccinated compared to 68.9% of all Minnesotans statewide.[117] Among people experiencing homelessness, just 24 percent were fully vaccinated as of late September 2021 and that number was 22 percent for those who had been in jail at some point in the previous 3 months.

By prioritizing and supporting community vaccination events, Minnesota has seen the first dose coverage rate among Minnesotans who live in high Social Vulnerability Zip Codes reach 70%. With the availability of COVID-19 vaccines for children ages 5-11 on the horizon, the Governor hopes to use lessons learned from the adult vaccination rollout to reduce vaccination disparities among Minnesota children by leveraging federal dollars to support community outreach to MHCP enrollees.

Proposal:

The Governor proposes funding community outreach grants for targeted outreach to MHCP enrollees. Grants would be available to "trusted messengers," language and culturally informed community-based providers, like community health workers and other community-based organizations that would develop and distribute information to MHCP enrollees about the benefits and availability of COVID-19, as well as other vaccinations that enrollees may need due to delayed care during the pandemic, such as the flu vaccine. This will include a variety of outreach modalities to encourage vaccination, answer questions, and address misinformation. These grants would be made available statewide, and organizations from and who work with communities that have the largest disparities in vaccination rates will be prioritized.

Impact on Children and Families:

COVID-19 has disproportionately impacted BIPOC communities, Minnesotans with disabilities, those that identify as LGBTQ+, and those that live in areas with a high Social Vulnerability Index (SVI) score. Children from those communities face additional barriers compared to their peers. We know that a significant percent of

[117] Minnesota Department of Human Services. "Minnesota Health Care Programs COVID-19 Vaccination Snapshot: June 2021." Available at: https://infogram.com/covid-vaccination-snapshot-1hzj4o3xxwpno4p?live.

members in these communities rely on MHCPs for their health care coverage and therefore low vaccination rates in our program means these communities will continue to carry increased risk for outbreaks and the health, educational, and economic impacts of the COVID-19 pandemic. This proposal targets resources specifically to these communities to help in the response to and recovery from COVID-19.

Overall, the Minnesota Health Care Programs population skews younger than the overall Minnesota population. When comparing age distribution by age group among Minnesota Health Care Programs enrollees to the Minnesota population estimates from the American Community Survey five-year dataset (2015-2019):

- 12 to 17 year-olds make up approximately 16.6% of enrollees vs. 7.8% of all Minnesotans
- 18 to 49 year-olds make up 55.6% of enrollees vs. 41.2% of all Minnesotans
- Those 50 and older make up 27.8% of enrollees vs. 35.5% of all Minnesotans.

It should also be noted that the number of children 5-11 enrolled in MHCPs as of the end of September is 214,291, or 42% of the estimated 509,735 5-11 year olds in Minnesota.

Equity and Inclusion:

The odds of COVID-19 vaccination for MHCP enrollee vary significantly by age, race, ethnicity, disability waiver status, county, and Social Vulnerability Index by residential ZIP code.[1] September 2021 data shows that enrollees were more likely to be vaccinated against COVID-19 if they were age 50 and older, identify as Asian/Pacific Islander, or were getting Medical Assistance coverage through a disability waiver. As in the statewide data released by the Minnesota Department of Health, DHS data shows that Black and Native American enrollees had the lowest vaccination rates of any other group.

Additionally, community organizations working with MDH have repeatedly relayed the significant impact of incentives and funding for outreach and support around vaccination in improving vaccination rates in their communities. Targeting funding to communities that have born the greatest burden of COVID-19 and remain at increased risk has the potential to improve not only our vaccination rates but help rebuild trust between DHS and communities that have been historically oppressed.

Impacts to Counties:

Local public health and county social services agencies will be eligible for grants.

Impacts to Tribes:

Tribal providers will be eligible for grants.

Results:

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Number of community events for MHCP enrollees around COVID and Influenza vaccination			
Results	Percent of MHCP enrollees fully vaccinated Decrease in disparity among age/race/ethnicity or geographic groups	46.8% (September 2021) See snapshot		

MDH's multi-pronged, targeted community vaccination campaign and partnership with COVID Community Coordinators and other CBOs has contributed to a notable decrease in statewide COVID-19 vaccine racial disparities since May.

IT Related Proposals:

N/A

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		1,116	1,116			
HCAF						
Federal TANF						
Other Fund						
Total All Funds		1,116	1,116			

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	51	Health Care Grants		2,000	2,000			
GF	REV1	FFP@50% (Administrative match for vaccine incentives)		(1,000)	(1,000)			
GF	13	HCA – 1.5 FTEs		171	171			
GF	REV1	FFP@32% (Administrative match for FTEs)		(55)	(55)			

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	13	HCA – FTEs		1.5				

FY 2022-23 Supplemental Budget Change Item HC-41

Change Item Title: Medical Assistance for Former Foster Care Youth

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	792	158	158
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	792	158	158
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends complying with federal law by extending Medical Assistance coverage to Minnesotans who were formerly in foster care and enrolled in Medicaid in another state on their 18th birthday. This proposal would increase General Fund expenditures by $792,000 in the FY2022-2023 biennium and by $316,000 in the FY2024-2025 biennium.

Rationale/Background:

The Affordable Care Act requires states to provide Medicaid to youth ages 18-26 who were in foster care on their 18th birthday and were enrolled in Medicaid when they left foster care. Minnesota implemented this coverage group in Medical Assistance, Minnesota's Medicaid program, effective January 1, 2014. In FY 2020, there were approximately 750 former foster care youth enrolled in Medical Assistance in an average month.

On October 24, 2018, the Substance-Use Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act became federal law.[118] It requires states to now provide coverage for former foster care youth who were in foster care in any state and enrolled in that state's Medical Assistance program when they left foster care. This provision of the SUPPORT Act is effective January 1, 2023.

Proposal:

This proposal amends state law to comply with the SUPPORT Act requirements regarding Medical Assistance for former foster care youth. Effective January 1, 2023, a person who was formerly in foster care on their 18th birthday and receiving Medicaid when their foster care ended in any state will qualify for Medical Assistance as a former foster care youth in Minnesota until age 26.

Funds requested will be used to implement the federal law in DHS IT systems. This will include gathering information from applicants about foster care placement in other states, applying verification rules, and changing the system logic to determine former foster care youth from other states eligible for Medical Assistance under the former foster care basis. Increased program costs are undeterminable at this time as no data exists to identify how many former foster care youth from other states would seek eligibility in Minnesota based on this change. However, increased enrollment is likely to be minimal, since the population is small, and former foster care youth from others states who apply for health care in Minnesota prior to this change would likely qualify for Medical Assistance under another existing eligibility group.

Impact on Children and Families:

This proposal helps close the opportunity gap and achieve the administration's priorities for children and families by ensuring that former foster care youth are guaranteed access to health care coverage regardless of where they lived before moving to Minnesota. Former foster care youth frequently experience adverse childhood experiences that are linked to poor physical health and lifetime health problems, including diabetes, heart disease, cancer, and stroke.[119] Studies also show youth exiting the foster care system disproportionately face a lack of stable housing and unemployment than their cohorts who have not interacted with the foster care system.[120]

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[118] Substance-Use Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act, Public Law 115-271, Sec. 1002, October 24, 2018.

[119] Medicaid and CHIP Learning Collaborative, CMS All-State SOTA Call: Ensuring Access to Medicaid Coverage for Former Foster Care Youth, slide 4, June 2017.

[120] Older Youth Housing, Financial Literacy and Other Supports, National Conference of State Legislatures, April 3, 2020

Equity and Inclusion:

This proposal helps improve access to health care for former foster care youth by reducing barriers to Medical Assistance coverage when they move across state lines. Former foster care youth are more likely to be uninsured, have complex health issues, and face social and economic crises that compound health needs, than those who have not interacted with the foster care system.[121] Younger children, children from rural counties, and children of color and American Indian descent are disproportionally represented in the foster care system in Minnesota.[122] In Minnesota foster care:

- Children of color are overrepresented compared to the number in the general population; American Indian children are around 18 times more likely than their white counterparts to experience out-of-home care; those of two or more races are six times more likely; and African-American or Black children three times more likely.[123]
- Children under age two and those between the ages 15 and 17 are the most likely age groups to experience out-of-home care.[124]
- Not all children eventually get adopted. In 2018, 87 youth who were state wards aged out before being adopted. Of those who aged out, 28 (32%) continued in care after turning 18 through extended foster care. [125]

Youth in foster care have an uninsured rate of 2-5%, while former foster care youth at age 19 have an uninsured rate of 16-35%, which shows how important it is to connect this vulnerable population with health care.[126]

Impacts to Counties:

This proposal is not anticipated to significantly impact counties. This basis of Medical Assistance eligibility already exists in Minnesota, and counties do not need to take any special actions when determining eligibility for this group.

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[121] Medicaid and CHIP Learning Collaborative, CMS All-State SOTA Call: Ensuring Access to Medicaid Coverage for Former Foster Care Youth, slide 4, June 2017.

[122] Foster care: Temporary Out-of-Home Care for Children, Minnesota Department of Human Services, April 2020

[123] *Id.* at pg. 3.

[124] Minnesota Department of Human Services, Minnesota's Out-of-Home Care and Permanency Report 2018, pg. 6, December 2019.

[125] *Id.* at pg. 39.

[126] Medicaid and CHIP Learning Collaborative, CMS All-State SOTA Call: Ensuring Access to Medicaid Coverage for Former Foster Care Youth, slide 4, June 2017.

Impacts to Tribes:

This proposal is not anticipated to significantly impact tribes. However, it will advance tribal equity efforts by connecting American Indian children under age 26 who are former foster care youth to health care when they move to Minnesota after aging out of the foster care system.

Results:

The Department of Human Services expects this proposal will result in increased access to health care services for former foster care youth who have moved to Minnesota from another state. Current Medical Assistance enrollment of former foster care youth averages about 750 monthly enrollees.

This proposal does not assert a substantive enrollment impact because the number of former foster care youth from another state who currently live in Minnesota, applied for Medical Assistance, and were denied is indeterminable. Former foster care youth are eligible for Medical Assistance under this basis only if they are determined ineligible for Medical Assistance as a parent, relative caretaker, pregnant woman, or child age 19 to 20. It is likely that most former foster care youth would qualify for Medical Assistance in Minnesota under an existing eligibility group.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	**Enrollment Increase:** Data will be collected from applications regarding the amount of people who indicate they were in foster care on their 18th birthday and enrolled in Medicaid when they aged out of foster care in another state.	Currently, former foster care youth who move to Minnesota do not meet the eligibility criteria for this basis of eligibility, so this data is not collected from applicants.	Collect data from applications on those who attest to being in foster care on 18th birthday in another state.	January 1, 2024 (quantity can be measured one year following the January 1, 2023 effective date).
Quality	**Access**: Increased access to health care services for former foster care youth under age 26 who have moved from another state to make Minnesota their home.	N/A	Did MN implement federal law by the deadline of the effective date, January 1, 2023?	January 1, 2024 (quantity can be measured one year following the January 1, 2023) effective date).

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Results	**Enrollment Increase:** Data will be collected on the amount of people who are newly eligible for the Former Foster Care basis due to being in foster care on their 18th birthday and enrolled in Medicaid when they aged out of foster in another state. The number of potential Former Foster Care enrollees who move to Minnesota after 2023 and apply, meet the eligibility criteria, and enroll in MA cannot be estimated at this time due to unavailability of relevant data.	Currently, former foster care youth who move to Minnesota do not meet the eligibility criteria for this eligibility category, so data does not exist.	Gather enrollment data regarding those who are eligible for the Former Foster Care basis because they were in foster care in another state.	January 1, 2024 (quantity can be measured one year following the January 1, 2023 effective date).

IT Related Proposals:

This proposal requests funding for systems changes needed to update the Minnesota Eligibility Technology System (METS) online application to gather information to identify applicants who were enrolled in foster care and Medicaid in states other than Minnesota and aged out on and after January 1, 2023, apply verification rules, and correctly determine eligibility. MNIT estimates that it will cost a total $2,083,901 to implement this proposal in METS. The development would take approximately 9 months to complete.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	0	792	792	158	158	316
HCAF						
Federal TANF						
Other Fund						
Total All Funds	0	792	792	158	158	316

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	State Share of Systems Costs (METS)	0	792	792	158	158	316

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25

FY 2022-23 Supplemental Budget Change Item HC-61

Change Item Title: Remove Doula Supervision Requirement

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	20	35	35
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	20	35	35
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends removing the requirement of supervision of a licensed provider for doula services in Minnesota's Health Care Programs (MHCP). This proposal requires a General Fund investment of $20,000 in fiscal years 2022-2023, and an investment of $70,000 in fiscal years 2024-2025.

Rationale/Background:

One of the barriers to development of a doula workforce that adequately serves Minnesota's Medical Assistance (MA) enrollees, cited by both community members and health policy literature, is the requirement that doulas operate under the supervision of a licensed health care professional to bill MA for their services. This supervision has not shown to provide any additional clinical benefit and practicing doulas, and advocates have consistently

cited this requirement as a barrier.[127] Removing this barrier will help increase doulas working with Minnesota's MA enrollees, as well as impact some of the state's geographic disparities.

Members of the Minnesota Healing Justice Network, as well as grantees within DHS' Integrated Care for High-Risk Pregnancies (ICHRP) program and leading public health researchers at the University Of Minnesota School Of Public Health, have brought this issue to the Department of Human Services (DHS) at different times over the last several years. The licensed supervisor issue has been cited as a reason that doulas struggle to provide services to MHCP enrollees or sustain services if able to navigate the process initially.

Increasing access to this service will benefit all pregnant MHCP enrollees, but it is particularly notable that MHCP serves 8 out of 10 Black birthing persons and 9 out of 10 Native birthing persons. Increasing access to doulas can help reduce maternal and infant health disparities given doula care has been associated with reduced preterm birth, reduced C-section rate, improved feelings about childbirth and decreased use of pain medication.

Minnesota is one of only a handful of states that offers doula services through its Medicaid benefit. Oregon was the first state to offer doula services through Medicaid, and they do not list doulas as one of the non-licensed providers that must practice under a licensed provider's supervision.[128] Minnesota has garnered national recognition[129] for its doula benefit while also having it noted that barriers remain.[1] this proposal seeks to remedy one of those noted barriers.

Proposal:

The governor recommends amending Minnesota's state plan to cover doula support in Medical Assistance without the requirement of supervision of a licensed provider. Doula agencies will be able to enroll with DHS as the "pay to" provider, and individual doulas will be able to enroll with DHS as the "treating" provider.

Because doula services are support services and are not meant to take the place of obstetric care, DHS does not expect any impacts on clinical effectiveness or patient safety. Anecdotal information provided to DHS has identified that current supervision requirements are often met by licensed providers who have not been trained as doulas.

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[127] Nguyen, Ashley. "Doula Work is 'taxing' with little pay. Can Minnesota make it more sustainable?" *Washington Post, March 1, 2021.* Available at https://www.washingtonpost.com/graphics/2021/the-lily/using-a-doula-minnesota/.

[128] Oregon State Plan Amendment, SPA #17-0006. Available at https://www.medicaid.gov/sites/default/files/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/OR/OR-17-0006.pdf.

[129] Platt, Taylor & Kaye, N. "Four State Strategies to Employ Doulas to Improve Maternal Health and Birth Outcomes in Medicaid" National Academy for State Health Policy, July 2020. Available at https://www.nashp.org/wp-content/uploads/2020/07/Doula-Brief-7.6.2020.pdf.

Impact on Children and Families:

Doulas have been identified by a several public and private agencies as an underutilized resource that can help address maternal and infant health. This policy aligns with that understanding and will be one way the Department can help improve the doula workforce, in particular those that work with MHCP enrollees.

Doulas work with mothers, birthing persons, and families, both prenatally and after the child's arrival. This is a particularly critical window for bonding, brain development, and receptiveness to parenting skills coaching which not only provide a healthy start but can have long lasting impacts.

Doula care has been associated with reduced preterm birth, reduced C-section rate, improved feelings about childbirth, and decreased use of pain medication. These outcomes can not only reduce costs short term but less preterm birth and decreased use of pain medication can have long term cost and health benefits that will then be shared by all Minnesotans.

Equity and Inclusion:

MHCPs serve 8 out of 10 Black birthing persons and 9 out of 10 Native birthing persons. Given that doula care has been associated with reduced preterm birth, reduced C-section rate, improved feelings about childbirth and decreased use of pain medication, increasing access to doula services can help reduce maternal and infant health disparities. However, because of the potential for a decreased connection between doulas and other medical providers, extra efforts may be necessary to educate enrollees that doula care is supplemental to, but not a replacement for, medical obstetric care.

Impacts to Counties:

This proposal has no direct impact on counties.

Impacts to Tribes:

This proposal has no direct impact on tribes. Tribal members will be able to access doula services easier.

Results:

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	Number of individually enrolled doulas	NA	NA	Annual
Quality				
Results	Increased utilization of doula services via claims data analysis			Annual

IT Related Proposals:

DHS will need resources to implement systems changes as a result of the proposal; changes in MMIS and MPSE will be necessary to create a new provider type. These systems changes are estimated to require 214 hours of work, take approximately 2 months to complete, and cost of a total of $19,688 for initial development.

DHS assumes the non-federal share of systems costs at 29% for these MMIS changes.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund		20	20	35	35	70
HCAF						
Federal TANF						
Other Fund						
Total All Funds		20	20	35	35	70

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	33	MA Grants		14	14	34	34	68
GF	11	State share of systems changes (MMIS/MPSE)		6	6	1	1	2

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25

FY 2022-23 Supplemental Budget Change Item OP-54

Change Item Title: Service Delivery Transformation Continuation

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures – State Share	0	77,516	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	77,516	0	0
FTEs	**0**	**68**	**0**	**0**

Request:

The Governor recommends $77.516 million in state funding to support continued efforts to transform the human service delivery system towards an integrated, person-centered experience for individuals and families accessing human services programs. Some initiatives will leverage enhanced federal funding (FFP) currently available to states. For eligible FFP activities, DHS is estimated to leverage $50 or more in federal funds for every $100 spent. In addition, some initiatives may leverage ARPA State and Local Recovery Funds. DHS estimates leveraging over $107 million in federal funds for the IT projects in this proposal. Funding will be used to advance the strategy, recommendations and roadmap that was developed by Gartner in partnership with DHS, MNIT, counties and tribes. The strategy aligns with the State of Minnesota's Blue Ribbon Council on Information Technology report and will significantly change how the agency and its partners manage business transformation and system modernization activities. It is an approach developed to address past challenges and is centered on business outcomes and the people being served.

The service delivery and transformation effort is a large undertaking, and it will take several years to implement.

This request funds the following initiatives that support the service delivery transformation effort outlined in the strategy and roadmap:

- Implementation of the Go Forward Strategy and Roadmap created by Gartner to develop an integration platform ecosystem, with an initial focus on integrated eligibility and enrollment for means-tested health care, food assistance and cash support programs. The roadmap includes nineteen work streams, grouped by three domains and includes a number of recommendations that are foundational to the service delivery transformation effort.
- Agency-wide transition to a more agile IT development approach and a product centric way of working informed by MNIT's Project to Product (P2) transformation effort.
- Expansion of cloud computing to support the use of subscription-based products and solutions that will make up the integration platform ecosystem.
- Piloting efforts to gain experience on the new approach outlined in the strategy, recommendations, and roadmap, focusing on short to intermediate-term enhancements to improve the client experience, including a continuation of the approach used to develop MNbenefits and expanding the application to include additional programs and potentially integrate with existing IT systems.
- Strategic investments to sustain existing legacy systems while the larger transformation efforts are taking place.
- Mindful investments in operational funding to support ongoing maintenance and operations of existing and new vendor supported IT systems.

Rationale/Background:

Currently, Minnesota's human services programs are delivered through siloed service delivery models, with separate funding streams and individual and complex technology systems that are more than 20 years old and use suboptimal IT delivery methods. The way services are provided and the systems used to support delivery are fragmented and cumbersome to navigate as are the IT delivery practices in place. This outdated service delivery model is focused on programs and projects rather than people, and it relies on aging technology which is becoming increasingly difficult and expensive to maintain. It is also funded through highly targeted budgets that prevent better integration. This model does not meet today's demands for an integrated human services delivery system.

More than one and a half million Minnesotans participate in human service programs and depend on these aging systems to connect them to the services they need. Over 30,000 county, tribal nation, and state staff and 200,000 providers use these systems to deliver services. The current siloed nature of service delivery results in a fragmented experience for the people participating in human services and does not holistically address root causes leading to positive and sustainable outcomes. The drive toward integrated, person-centered delivery of services is intended to help individuals and families achieve positive outcomes and ultimately to build healthier communities.

The 2019 Legislature provided DHS with funding in the amount of $40 million for SFY20-21 to support service delivery transformation and to address system improvements related to defect and compliance fixes. The majority of the funding was spent on the Minnesota Eligibility Technology System (METS) which is the enrollment and eligibility information technology (IT) system for all of Minnesota's insurance affordability programs — Medicaid, MinnesotaCare and qualified health programs with advanced premium tax credits. A portion of this funding was also used on a number of foundational initiatives to begin the work on transforming the human service delivery system. This included:

- **Further design, development and implementation of the Integrated Services Business Model (ISBM).** Planning on foundational elements of the statewide vision for integrated service delivery has progressed, with a focus on designing a simpler "front door" to programs and services that offers a much-improved user experience for people navigating the human services system. This work includes policy and concept design using multiple research and engagement methods in a human-centered approach to engage with program area policy experts, state, county and tribal nation agency staff, community organization staff, and participants in human services programs across the state and a multitude of demographics. DHS partnered with Wilder Research on a multi-phase research project, including interviews, secondary research analysis, and a statewide survey of more than 2,000 Minnesotans.
- **Development of a Modernization Strategic Plan.** The modernization plan is a collaborative effort by DHS, MNIT, counties and tribes. It outlines the collaborative's three key initiatives (engage, redesign, and align) with matching goals and strategies. The modernization strategic plan includes the vision for the overall modernization work, as well as the integrated services business model and other modernization efforts like addressing aging technology systems.
- **Engagement with Gartner, Inc. to conduct an outside, independent assessment of the DHS modernization strategy.** Gartner is a global research and advisory company with a dedicated Public Sector Health and Human Services (HHS) practice who has done similar assessments with other states. Gartner worked with DHS, MNIT, county and tribal stakeholders to create a modernization plan that builds on our existing work and aligns with the State of Minnesota's Blue Ribbon Council on Information Technology report. The Go Forward Strategy and Roadmap includes a number of recommendations on how to make progress in a more efficient way and to enable DHS and its partners to achieve its vision for person-centered integrated service delivery.
- **Partnership with Code for America to implement MNbenefits.** Code for America is a non-profit organization dedicated to improving government services based on effective use of technology and design. Code for America worked with DHS, MNIT, county and tribal employees to develop MNbenefits using human-centered design principles. MNbenefits is mobile-friendly digital application for nine safety net programs that can be completed in less than 12 minutes.

Proposal:

The service delivery transformation effort will change how DHS and its partners approach business transformation and system modernization efforts. The agency will continue to support individual program compliance but will also transform the human service delivery system toward an integrated, person-centered experience for individuals and families accessing human services programs. The transformation of the human service delivery system will result in improvements to how human services are accessed and delivered.

In 2021, DHS engaged Gartner to develop a strategy for modernizing its systems in support of integrated service delivery. Working collaboratively with leaders and subject matter experts from DHS, MNIT, counties and tribes, Gartner developed a Go Forward Strategy and Roadmap to effectively support Minnesota's goals for "integrated service delivery" – to make human services simpler and to create a better experience for the communities they serve. Funding is needed to advance the strategy, recommendations and roadmap developed by Gartner. The new approach aligns with the State of Minnesota's Blue Ribbon Council on Information Technology report and provides a path forward that addresses past challenges and centers the work on business outcomes and the people being served.

Transforming the service delivery system is a huge undertaking that will take several years to implement and will require dedicated resources to pursue the transformation while the agency also overhauls its IT delivery practices and sustains existing systems. This request funds a number of initiatives that support the service delivery transformation effort outlined in the strategy and roadmap.

The Go Forward Strategy and Roadmap developed by Gartner focuses initial efforts on integrated eligibility and enrollment for means-tested health care, food assistance and cash support programs. The roadmap includes nineteen work streams, grouped by three domains and includes a number of recommendations that are foundational to the service delivery transformation effort.

- The foundational work streams address the work to be initiated and underway prior to solution planning, acquisition and implementation.
- The planning & acquisition work streams address the detailed planning, requirements definition and acquisition work that is needed prior to implementation.
- The implementation work streams address the design, development and implementation of legacy and new systems.

The strategy and roadmap addresses how DHS, MNIT, counties and tribes will:

- Establish and streamline foundational structures to ensure effective and timely decision-making, funding/ budget management and planning aligned with organizational needs and strategies of DHS, MNIT, Counties and Tribal Nations.
- Define the technology and consulting services required to incrementally implement the integration platform ecosystem.
- Procure the services of a Multi-Vendor Services Integration Management (MSIM) vendor to help oversee the design and establishment of the solution and technology architecture requirements for the integration platform ecosystem and coordinate the efforts of the specialist solutions vendors to implement the platform.
- Contract and partner with multiple specialist vendors to design and build a secure integration platform ecosystem to support the integrated service vision.

See Gartner's Executive Summary of more information (MN DHS Modernization Strategy / Cúram Assessment: Go Forward Strategy, Recommendations and Roadmap Report – Executive Summary)

The service delivery transformation effort in the strategy and roadmap aligns with the State of Minnesota's Blue Ribbon Council on Information Technology report, particularly the Modernization Playbook recommended by that group. In addition to aligning with the Blue Ribbon Council recommendation around greater use of SAAS and procurement strategies as the preferred path forward for state government IT modernization, the service delivery transformation effort emphasize human centered design and ways of working that are faster to market and increase reusability. It is particularly important for an effort of this scale that the agency conducts business readiness efforts and focus on the user experience, which is part of the foundational work DHS has been working on over the last two years.

The strategy and roadmap recommends DHS and its partners adopt an "agile" approach to IT development and a product centric way of working built on Agile and DevOps principles and frameworks. Agile focuses on incremental improvements that add value rather than large multi-year projects. Agile will enable business and IT staff to learn from each iteration, improving regularly along the way. This proposal includes funding to advance the Project to Product (P2P) transformation effort to move to an agile way of working across the agency while initial Go Forward Strategy and Roadmap efforts focus on integrated eligibility & enrollment. This will ensure the approach to technology and service delivery are strategically aligned.

A key aspect of the strategy and roadmap is having dedicated teams working on business transformation and system modernization efforts in an agile way, as demonstrated with the Code for America partnership to develop the MNbenefits application. MNbenefits is an accessible, easy-to-use online application for nine safety-net benefit programs that clients can be completed in less than 12 minutes. This new application is a step forward toward Integrated Service Delivery, and represents human-centered design and the service delivery transformation approach embedded in the Go Forward Strategy and Roadmap. This proposal includes funding to continue the approach used to develop MNbenefits and expanding the application to add additional programs and potentially integrate with existing IT systems. In addition, this proposal includes funding to conduct similar pilot efforts to gain experience on the new way of working, focusing on short to intermediate-term enhancements that improve the client experience while the larger transformation efforts are taking place.

The strategy recommends that DHS use multiple "best of breed" software tools and solutions to implement the integration platform ecosystem, leveraging cloud technologies where possible in order to obtain its scale, cost and flexibility benefits. This proposal includes funding to expand cloud computing to enable the technical support and adoption of Infrastructure as a Service (IAAS), Platform as a Service (PAAS), and Software as a Service (SAAS). The cloud computing expansion will lay the technical foundation to execute the transformation of human services delivery.

The strategy and roadmap recognizes that it will take several years to fully implement the service delivery transformation effort. Funding is needed to sustain existing IT systems used to support the delivery of human services while the transformation efforts are taking place. This proposal includes funding to sustain the existing systems that are part of the service delivery framework for more than one million Minnesotans who participate in DHS programs and over 30,000 county, tribal nation, and state staff and 200,000 providers use these systems to deliver services. Funding will support the implementation of utility tools to streamline, sustain, and enable DevOps; to provide access audits and tracking; to provide needed technical and server upgrades; maintain secure environments; to re-platform and re-write selected systems.

The service delivery transformation effort is complex and the future integration platform system will consist of many parts that need to work together. This proposal includes funding to ensure mindful investments in operational funding to support ongoing maintenance and operations of existing and new vendor supported IT systems. This includes planning and analysis to effectively leverage and ensure a planful migration away from legacy technologies.

Impact on Children and Families:

The service delivery transformation effort will have a positive impact to children and families. The strategy and roadmap supports Minnesota's goals for "integrated service delivery" that will make human services programs simpler and create a better experience for the communities they serve.

Equity and Inclusion:

All groups of people will be positively impacted by the service delivery transformation effort Human Centered Design principles and a focus on building inclusion drive the work included in this proposal.

Minnesota's goals for service delivery transformation is to make human services simpler and create a better experience for the communities they serve. Some of the key guiding principles include racially and culturally appropriate efforts to support an equitable service delivery system, utilizing a person-centered framework, using the "social determinants of health" to identify root causes of an individual or family's need for services, and using a multi-generational approach which takes into account the needs of the whole family. In developing the ISBM, stakeholder feedback was gathered from representatives of all disadvantaged groups of people. The goal for the service delivery transformation effort and the development of an integrated service delivery system is to reduce or eliminate disparities for all groups.

Impacts to Counties:

The modernization strategy within the Go Forward Strategy and Roadmap is a collaborative approach that actively includes counties as a key partner. The outcome of this effort will deliver high value capabilities to the communities we serve as well as county workers.

Impacts to Tribes:

The modernization strategy within the Go Forward Strategy and Roadmap is a collaborative approach that actively includes Tribes as a key partner. The outcome of this effort will deliver high value capabilities to the communities we serve as well as Tribal workers.

Results:

The Service Delivery Transformation outlined in this proposal, with the utilization of human centered design and a product centric approach to working, will deliver results that are integrated and meaningful to end users, faster to market and more reusable. This is best illustrated with the initial implementation of MNbenefits, where

the application time was reduced from over 60 minutes down to less than 12 minutes, without increasing staff effort and provided a mobile-friendly application with multi-lingual support. Data driven decision making and use of measuring techniques such as Objectives and Key Results (OKRs) as part of a product centric operating model will demonstrate the positive outcomes of the efforts included in this proposal.

Each of the work streams within the Go Forward Strategy and Roadmap includes Key performance Indicators (KPIs) as a quantifiable measure of performance over time. The creation of an ISD Product Office will result in a centralized accountability for end-to-end service performance. The roadmap also includes robust vendor management responsibilities within the product office focusing on performance, contract, relationship, and communication management.

We are prepared to report annually to the legislature on spending, progress, and activities.

Fiscal Detail:

The work necessary to transform the human services delivery systems funded through this proposal will be complex, take multiple years to complete, and involve a number of interrelated work streams. As the work proceeds, analysis will likely reveal the need to make adjustments to the work funded in the proposal. Below is the initial spending plan for the various elements of the proposal. DHS and MNIT@DHS will submit annual reports to the Legislature detailing progress of the work and with information about actual spending and how it differs from the original estimates below.

The funding would be deposited in the Systems Account which is established in MS 256.014. We anticipate this appropriation will be spent over a number of years, and the exact timing and amounts of expenditures will be determined as the work is conducted.

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	$0	$77,516	$77,516	$0	$0	$0
HCAF						
Federal TANF						
Other Fund						
Total All Funds	$0	$77,516	$77,516	$0	$0	$0

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	Go Forward Strategy & Roadmap - State Share @ 37%	$0	$42,701	$42,701	$0	$0	$0
GF	11	P2P Transformation - State Share @ 50%	$0	$4,000	$4,000	$0	$0	$0
GF	11	Cloud Computing – State Share @ 50%	$0	$4,450	$4,450	$0	$0	$0
GF	11	Systems Sustainability – State Share @ 50%	$0	$9,745	$9,745	$0	$0	$0
GF	11	DHS Operational Funding + Ongoing M&O of Existing/New System - State Share @ 50%	$0	$16,620	$16,620	$0	$0	$0

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	Go Forward Strategy & Roadmap		39	39	0	0	0
GF	11	Systems Sustainability		10	10	0	0	0
GF	11	DHS Operational Funding + Ongoing M&O of Existing/New System		19	19	0	0	0

FY 2022-23 Supplemental Budget Change Item OP-44

Change Item Title: Background Studies Emergency Background Study Credit

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	3,630	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)	3,630	0	0	0
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends appropriating $3,630,000 from the General Fund in FY 2022 for the Department of Human Services (DHS) Background Studies Division. This one-time funding is to credit providers for costs incurred from emergency background studies conducted during the peacetime emergency following resubmission of studies for full federal and state compliance.

The proposal represents 6% of the Office of Inspector General's $59.3 million operating budget for FY 2022.

Rationale/Background:

On April 6, 2020, pursuant to approved waivers, DHS implemented modifications to certain state background study requirements for the duration of the peacetime emergency. Changes to state background study requirements were made to allow providers to quickly respond to their changing workforce needs, including:

- Waiving requirements for fingerprint-based background studies for most categories;
- Instituted an emergency, Minnesota-only background study using the individual's name and date of birth for maltreatment and criminal history for most provider types;
- Limiting required maltreatment checks to Minnesota registries and databases for most provider types by waiving required out-of-state Child Abuse and Neglect (CANR);
- Instituting a flat $20 fee for most DHS statutory background study applications, which is the lowest in the range of background studies fees assessed; and
- Waiving the mandatory direct contact supervision requirements to allow case-by-case decisions to permit certain individuals to work without supervision while their background studies are being processed.

Following the end of the peacetime emergency on July 2, 2021, the background studies that were conducted under the waivers must be resubmitted and completed in full compliance with federal and state requirements, including fingerprints, as well as national criminal history checks, out-of-state criminal history, sex offender registry, and maltreatment checks as required.

During the 2021 legislative session, the Governor proposed, and Legislature approved, a 365-day transition to fingerprint-based studies with emergency study fee credits for providers when they resubmit studies. Within 365 days of the end of the state of emergency, all study subjects are required to submit new background studies using fingerprints in order for them to continue working. The legislature appropriated $4,135,000 to credit the amount providers paid per emergency study through the NETStudy 2.0 system. The credits will be calculated as $20 each for most studies and $51 for child residential foster care studies.

DHS's estimate for the credit portion of the 2021 proposal was based on a projection of 200,000 emergency studies up to June 30, 2021. In order to avoid overloading fingerprinting sites, the department is taking a phased-in approach to transitioning to fingerprint-based studies, with groups of provider types returning to fully compliant studies throughout the fall of 2021 and spring of 2022. Providers will continue to submit emergency studies until their assigned transition date. This phased-in approach will result in an estimated 165,000 additional emergency studies that will need to be resubmitted.

Proposal:

DHS proposes crediting providers for the 165,000 studies not covered by the original proposal estimate and appropriation. The vast majority of the credits would be $20.

Many providers have faced financial hardship during the pandemic. Without the credits, providers would have to pay for both the emergency studies and the resubmitted studies. The credits funded by the 2021 appropriation are easing that financial burden for most providers, and the additional credits funded by this proposal would ensure that all providers that submitted emergency studies are treated equitably.

The fiscal impact of crediting providers $20 each for the 165,000 emergency studies not included in DHS's 2021 session proposal, and operating costs for American Rescue Plan Act compliance, is $3,630,000 in FY2022. The credits would be paid for by American Rescue Plan State Fiscal Recovery Funds.

The process currently in place to disburse the existing credits would be used for the proposed credits. In all cases, providers will be required to pay fees corresponding to their study type when they resubmit fingerprint-based studies.

Emergency studies that are in process or that have been completed are valid until July 2, 2022, and individuals who have received emergency studies are required to have a fully compliant study to continue to work on or after July 2, 2022. The distribution of credits would follow DHS's phased-in transition to compliant studies, ensuring all credits would be paid by the end of FY2022.

The U.S. Treasury Department has established significant financial and performance reporting and contract management requirements for Fiscal Recovery Funds (FRF) allocated under the American Rescue Plan Act. In order to ensure the Department has the capacity to comply with those requirements, 10% is added to this request for contract and grants management, audits, financial operations, and program evaluation.

Impact on Children and Families:

Many of the providers who serve children and families have had financial difficulty throughout the pandemic and struggle with the cost of submitting both emergency and fully compliant background studies for staff. Under this proposal, providers would pay only one fee per study subject.

Equity and Inclusion:

The proposal affects the financial well-being of many programs serving children and vulnerable adults. Full funding of emergency study credits ensures that those programs will receive credit for all eligible studies.

Impacts to Counties:

Counties that submitted emergency studies would receive credits.

Impacts to Tribes:

This proposal does not impact tribes. Studies conducted for tribes during the peacetime emergency were completed in the LIS system using fingerprint hard cards rather than the NETStudy 2.0 system, so they were not emergency studies.

Results:

Results will be measured by the successful processing of credits for all emergency studies that are resubmitted for full compliance.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	3,630					
HCAF						
Federal TANF						
Other Fund						
Total All Funds	3,630					

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	Emergency background studies credit	3,300					
GF	11	Operating Costs	330					

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25

FY 2022-23 Supplemental Budget Change Item DC-44

Change Item Title: Direct Care and Treatment Electronic Health Record

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	0	$8,919	$7,685	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	$8,919	$7,685	0
FTEs	**0**	**25.0**	**25.0**	**0**

Request:

The Governor recommends $16.6 million to implement an Electronic Health Record (EHR) across all Direct Care and Treatment (DCT) programs. This is one-time funding that spans over multiple years.

Rationale/Background:

A 2008 Minnesota Department of Health (MDH) mandate required healthcare facilities and providers to have an Electronic Health Record (EHR) by 2015. Direct Care and Treatment (DCT) has been using operational funds to support current implementation efforts but remains far from having a fully implemented EHR. This proposal will provide the funding needed to meet the expectation and demonstrate successful outcomes by June 2025. The EHR will create better access to patient/client medical records, provide efficiencies in the treatment plan/process, lead to improved patient/client outcomes and allow access to community providers to ensure that the continuity of care to patients is maintained to prevent readmission. It will also prevent any future violation

of patient rights by assuring access, while adhering to other state and national standards and laws (example – CURES ACT).

DCT serves approximately 12,000 patients/clients per year that would benefit from this proposal. The overall project will enhance the performance of DCT employees in every discipline who work with clients by having an EHR and prevent duplication of work that is currently being done in a "paper/hardcopy" system.

The COVID-19 pandemic has forced DCT to provide certain services to patients/clients while working remotely; however, DCT has been hindered in those efforts because staff must visit facilities and central office to view patient and client records, given DCT's limited EHR. In addition, the current use of paper records greatly impacts DCT's ability to provide accurate, timely and complete information to practitioners. In the new virtual world, DCT needs to have all patient/client medical records available electronically and the ability to exchange this information with other health care providers who are currently serving or who have served the patient/client in the past.

Phase I of this proposal is to complete the implementation of the Electronic Medical Record (EMR) so that DCT staff and patient/clients will have the ability to access authorized sections of the electronic medical record. Phase II of this proposal is the integration of an EHR system that allows access to authorized sections of health records from all the clinicians involved in a patient's care, both within DCT and the community.

An EMR and EHR are critical components to provide the best possible care to those served by DCT and for the patients/clients to have a full understanding of their current and past care. Patients/clients will have more choices to use, share and manage their medical record. They will be able to give family, friends, and caregivers access to their care and treatment plans. The system will also provide patients/clients with personal preferences on cultural and gender identity. Ultimately, patient/clients will be able to access their records electronically when they leave.

The current state of the DCT electronic medical record system does not have the data and fields to provide analysis of patients/clients from different racial backgrounds. This makes it difficult to provide basic racial breakouts of who DCT is serving and impossible to evaluate treatment outcomes for different racial and ethnic groups. When completed, the DCT EMR will contain key data to report and analyze treatment and health outcomes by race, which can help expose disparities and inequities. The EMR will ultimately provide DCT the ability to identify and reduce disparities experienced by those we serve through the delivery of an effective, methodical, and inclusive information system.

There are several other important benefits that DCT and the State of Minnesota will obtain once the EMR and EHR are competed:

- Ensure Regulatory Compliance: MDH mandates that every health care organization have an electronic medical record in place by 2015. An EMR meets the state's legal and moral obligation to treat citizens who are civilly committed and provide timely, equitable and effective health care as is due any other citizen of the State of Minnesota. A variety of state and national bodies place requirements on our provision of care and if we don't meet these regulatory standards, we are placing lives and programs at risk.

- Meet CORE Requirements: Without ongoing development, support, and added funding, DCT's limited EMR System will fail to meet the minimum requirements for a health care system. Currently, DCT does not have the funds to support the basic CORE functions of its EMR.

- Address Current Inefficiency: Today, DCT has over 300,000 filing inches of paper medical records and over 100,000 patients with records in the current limited EMR. This requires running dual systems (paper and electronic), which is staff intensive, inefficient, and creates an unsafe disjointed medical record. As an example, one annual review for a patient in our Forensic Mental Health Program requires medical staff to study forms/records in the current electronic system, four large binders on the treatment unit, and three boxes of records in storage. If the patient has moved between any of the 200 DCT sites around the state, that annual review is impossible to complete with any degree of completeness. That leads to care decisions that may not be based on a full understanding of the patient's history.

- Help Clinicians Provide Safe and High-Quality Care: Technology must provide a mechanism to continuously monitor and control the quality and safety of the care we deliver. DCT's limited EMR currently does not support this critical function, and without additional funding will fall even further behind. For example, we cannot effectively track routine health maintenance needs or vaccinations in our system. Doctors are forced to keep spreadsheets of colonoscopies, mammograms, and vaccinations. This is inefficient and unsafe.

- Enhance Communication along the Continuum of Care: An ERH facilitates communication between providers within and external to DCT and with patients and their families. This ensures continuity of care, medication management and treatment outcomes both within DCT facilities and in other clinical and/or community settings. It simultaneously provides better management of other underlying acute and chronic medical conditions.

- Address Clinician Burnout: DCT's limited EMR is consistently a driver of burnout among doctors, nurses, and other clinicians because it creates so many unnecessary layers of extra work. The system is inefficient, poorly organized, duplicative, and incomplete. The experience of other health care systems demonstrates that an EMR contributes to employee wellness and retention.

Proposal:

$16.6 million is requested to support the completion of an EHR across all DCT programs to be implemented in two phases as follows:

Phase I will allow DCT to move forward with implementing an EMR across the entire DCT system of care. EMRs are more valuable than paper records because they enable providers to track data over time, identify patients for preventive visits and screenings, monitor patients, and improve health care quality. It is important that the EMR is accurate and stable before finalizing the EHR as part of Phase II.

Phase II will integrate the EHR across the entire health care system, which allows for care of the "whole person". The objective of whole person care is to coordinate care of physical and behavioral health as well as social

determinants of health, with the goals of improved outcomes. Phase II will authorize clinicians involved in a patient's care to access and share information with other health care providers when necessary.

Impact on Children and Families:

This proposal does not directly relate to this initiative.

Equity and Inclusion:

Implementing the EMR and EHR will allow DCT to provide the basic equity data and to conduct equity audits and treatment modality evaluations.

Black, Indigenous and People of Color (BIPOC) represent a higher percentage of all DCT patients (21 percent) when compared to Minnesota's general population (14 percent). In addition, all DCT patients are disproportionally impacted by health inequities especially BIPOC patients and clients, because of serious and persistent mental illness, substance use disorders, and more physical health diagnoses than the average patient. DCT's patients are much sicker than the general population. A complete EMR and EHR system will help us to reduce those disparities by providing efficient, organized, and comprehensive data to analyze and report racial health inequities in the future.

Impacts to Counties:

This initiative does not impact counties.

Impacts to Tribes

This proposal is not expected to impact tribes.

Results:

DCT is committed to serving patients and clients with a complete EMR and EHR. Not having these components in place greatly increases DCT's non-compliance with many regulatory entities. As a health care provider, DCT is required to comply with the May 1, 2020, Office of the National Coordinator (ONC) rule which sets the requirements for Information Blocking as required by Congress in the 21st Century Cures Act. Information Blocking is defined as a practice likely to interfere with access, exchange or use of electronic health information (EHI), except as covered by an exception or required by law. The ONC has defined EHI as data elements represented in the U.S. Core Data for Interoperability (USCDI) during the first 24 months of the rule. The completed EHR would ensure DHS and MNIT complies with this Act.

In addition, this change will allow DCT to provide basic equity data and conduct audits and treatment evaluations. The EMR would have timely, complete, and accurate racial and ethnic group information, treatment plans, progress notes, and outcome data to complete treatment reviews and evaluations.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	% of the Electronic Health Record meeting state and federal laws, regulatory requirements and health care standards		<40%	2021
Quantity	% of the Electronic Health Records being electronically exchanged with health care entities outside DCT.		<5%	2021
Quantity	% of DCT records that are fully electronic and in the required format to exchange interoperable.		<10%	

IT Related Proposals:

Category	*FY 2022*	*FY 2023*	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*
Payroll		$3,362	$3,362			
Professional/Technical Contracts		$5,557	$4,323			
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total		**$8,919**	**$7,685**			
MNIT FTEs		16.0	16.0			
Agency FTEs		9.0	9.0			

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	$0	$8,919	$8,919	$7,685		$7,685

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
HCAF						
Federal TANF						
Other Fund (ARP)						
Total All Funds	$0	$8,919	$8,919	$7,685		$7,685

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	65	DCT Operations – Consulting Services	$0	$5,557	$5,557	$4,323		$4,323
GF	65	DCT Operations – Staff Costs	$0	$944	$944	$944		$944
GF	11	Central IT	$0	$2,418	$2,418	$2,418		$2,418
		Total	$0	$8,919	$8,919	$7,685		$7,685

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	65	DCT Operations		9.0		9.0		

Statutory Change(s):

N/A

FY 2022-23 Supplemental Budget Change Item HC-65

Change Item Title: Supporting Drug Pricing Litigation Costs

Fiscal Impact ($000s)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund				
Expenditures	228	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)	228	0	0	0
FTEs	**0**	**0**	**0**	**0**

Request:

The Governor recommends appropriating funds to the Department of Human Services (DHS) to cover subpoena expenses for pharmaceutical drug price litigation DHS is not a party to. This litigation has resulted in extensive document discovery requests that DHS must comply with. However, due to the expansive scope of the subpoena DHS is not able to internally produce these documents in a timely manner and must contract this work out. This proposal would increase General Fund expenditures by $228,000 in the FY2022-2023 biennium and by $0 in the FY2024-2025 biennium.

Rationale/Background:

In 2020 Minnesota Attorney General Ellison joined several lawsuits alleged drug manufacturers are conspiring to illegally fix prices and allocate markets. While DHS is not a party to the lawsuit, it did receive a subpoena to respond to extensive discovery requests related to these cases. Due to the volume of the data that needs to be

produced DHS has determined that the only viable way to comply with the discovery order is to enter into a contract to produce these data.

Proposal:

This proposal seeks to provide funding for subpoena expenses related to the drug pricing litigation initiated by the Attorney General. These funds will defray contract expenses the Department cannot absorb within its administrative budget. These contracts will cost $335,000 in FY22 in total dollars; Federal Financial Participation is assumed at 32%.

Impact on Children and Families:

This proposal will mitigate the redirection of funds that would go toward ensuring the Medicaid program can perform its core work of serving families and children on Minnesota Public Health Care Programs.

Equity and Inclusion:

This proposal will mitigate the redirection of funds that would go toward ensuring the Medicaid program can perform its core work of ensuring Minnesota Public Health Care Programs address health disparities.

Results:

Funding this proposal will result in continued operations.

IT Related Proposals:

This proposal does not require IT systems changes.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
General Fund	228		228			
HCAF						
Federal TANF						
Other Fund						

Fund	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
Total All Funds	228		228			

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
GF	11	HCA Admin (Contract)	335		335			
GF	REV1	FFP @ 32%	(107)		(107)			

Requested FTE's

Fund	BACT#	Description	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25