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April 24, 2025

Senate Finance Committee
Chair John Marty

Senator Marty and members of the Senate Finance Committee,

On behalf of the Association of Minnesota Counties (AMC) the Minnesota Association of County Social Service Administrators (MACSSA) and the Minnesota Inter-County Association (MICA), we thank you for working to assemble proposals to address the needs of Minnesota's most vulnerable residents. In a state supervised, county administered system, our county workforce is the front-line workforce, implementing policy and regulation that is passed at the state, federal and local level.

We recognize that state policymakers have difficult choices to make as you look at potential federal headwinds and a grim state economic outlook that overlays with increased demand for services to protect our most vulnerable residents and their families. As you work to develop legislative proposals in concert with the Walz administration, we thank you for considering counties' input on SF 3054 (Hoffman), the Senate proposal on human services finance.

First, we thank Senator Hoffman for including one of counties' top priorities in the bill which will simplify and streamline MnCHOICES reassessments to better support county workers and individuals receiving services.

Recognizing the tough choices that the state may make, counties respectfully ask for reconsideration of several costs being shifted to counties:

- A new, proposed 2% cost share imposed on counties for residential services that are reimbursed through the Disability Waiver Rate System (DWRS). This represents a shift of $33.6 million (FY26-27) and $83.4 million (FY28-29) to counties. We are concerned that the effect of this cost share will be that counties with limited budgets may now have a disincentive to place individuals in residential settings, knowing that these placements will pose new budget tensions. Additionally, counties with limited capacity to increase property taxes may be in the difficult position of needing to cut other services to satisfy this new state mandate. This could result in an unfortunate and inequitable reduction in services for vulnerable populations. (*Article 2, Section 22*)
- We are also concerned about a new county cost share related to competency attainment under Chapter 611. These individuals will not be civilly committed and often are not involved with county human services prior to their legal proceedings and referral to Direct Care and Treatment. They are being treated by the state through its Direct Care and Treatment agency, yet this legislation proposes that counties pick up $16.76 million each fiscal year for state services. (*Line 567 of spreadsheet)*

To be clear, these proposals would necessitate additional property tax levies—in many cases significantly so—since counties would still be responsible for delivering the same state-mandated services, but now taxpayers would be picking up a higher percentage of state costs.

We also have concerns about the proposal to further push out implementation of Waiver Reimagine, a delay that comes with an accompanying cost of $4.6 million (FY26-27) and $51.6 million (FY28-29). Counties empathize with advocates and affected families who have concerns with the current implementation model – counties share many of these concerns. However, during times of limited funds, we believe that there may be a better use of the dollars associated with a delay that could be used more effectively. *(Line 302 of spreadsheet)*

Counties have previously raised concerns about allowing unlicensed out-of-home respite care services for children as it would limit oversight and our ability to spot any troubling patterns related to safety and service delivery. We understand and appreciate the goal of having friends and family providing out-of-home respite care, but we encourage lawmakers to develop a clear distinction between provider-controlled settings and settings that have friends or family providing respite care. *(Article 2, Section 12)*

Finally, we would like to raise concerns about a missed opportunity that is not addressed in this proposal. We are disappointed to see no additional investments in our state's Direct Care and Treatment (DCT) program or attention to the recommendations from the Priority Admissions Review Panel. We recognize that the Senate human services policy bill includes a continued pause on the 48-Hour Rule but that that task force recommendation was conditioned on bed capacity also being addressed. We strongly encourage legislators to look at capital investments to build out our state's continuum of care while the Review Panel examines more long-term solutions.

Included in the Review Panel recommendations, and reflected in SF2628 and SF2902 heard in committee, was language to permanently end inappropriate billing of counties for Does Not Meet Medical Criteria (DNMC) costs that result from a lack of bed capacity in Direct Care and Treatment. By not permanently eliminating the requirement for DCT to charge counties 100% of the cost of care when individuals at DCT facilities are awaiting transfer to another state-operated bed, the omnibus bill is in effect reinstating a fine to counties caused by policymakers' inability to build out sufficient DCT capacity. These charges can bankrupt a county's behavioral health budget and are outside of a county's control. We appreciate past years' efforts to relieve counties of these unwarranted costs, but allowing the temporary DNMC cost share language to sunset on July 1 will result in a forecasted $13.5 million annual tax increase to county property taxpayers.

Again, we thank you for the opportunity to weigh in on these important bills. We remain dedicated to working with the bill author and others as we craft state policy and finalize budget decisions that best serve the needs of all Minnesotans.

Sincerely,

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cc: Senator John Hoffman