



2025 Governor Walz and Lt. Governor Flanagan Budget

Tikki Brown | Commissioner

Budget Overview

- The Governor Walz and Lt. Governor Flanagan 2025 budget protects the progress made by pairing thoughtful reductions with small and impactful investments.
- The budget for the Department of Children, Youth, and Families includes two savings proposals, but **does not** include cuts to critical social safety-net programs.
- The budget maintains the progress made over the past few years to strengthen families, provide economic stability for Minnesotans receiving cash assistance during a crisis, and prevent unnecessary foster care placements of children away from their homes and communities.
- The budget also makes important investments in preventing fraud, waste, and abuse, and moving toward compliance with federal child care regulations, and dedicates existing IT resources to child welfare SSIS modernization.

Budget Overview

Funding Type	2026	2027	2028	2029
Federal Fund Investment	3,973	9,627	10,045	10,017
General Fund Reduction	(9,393)	(9,393)	(9,393)	(9,393)
General Fund Investment	16,204	5,547	5,547	5,546
Net Impact to General Fund	6,650	(3,878)	(3,878)	(3,878)

Note: Table excludes DCYF Transition Account Reallocation

2025 Investments

Total:

FY 2026-27: \$39.5 M

FY 2028-29: \$31.2 M

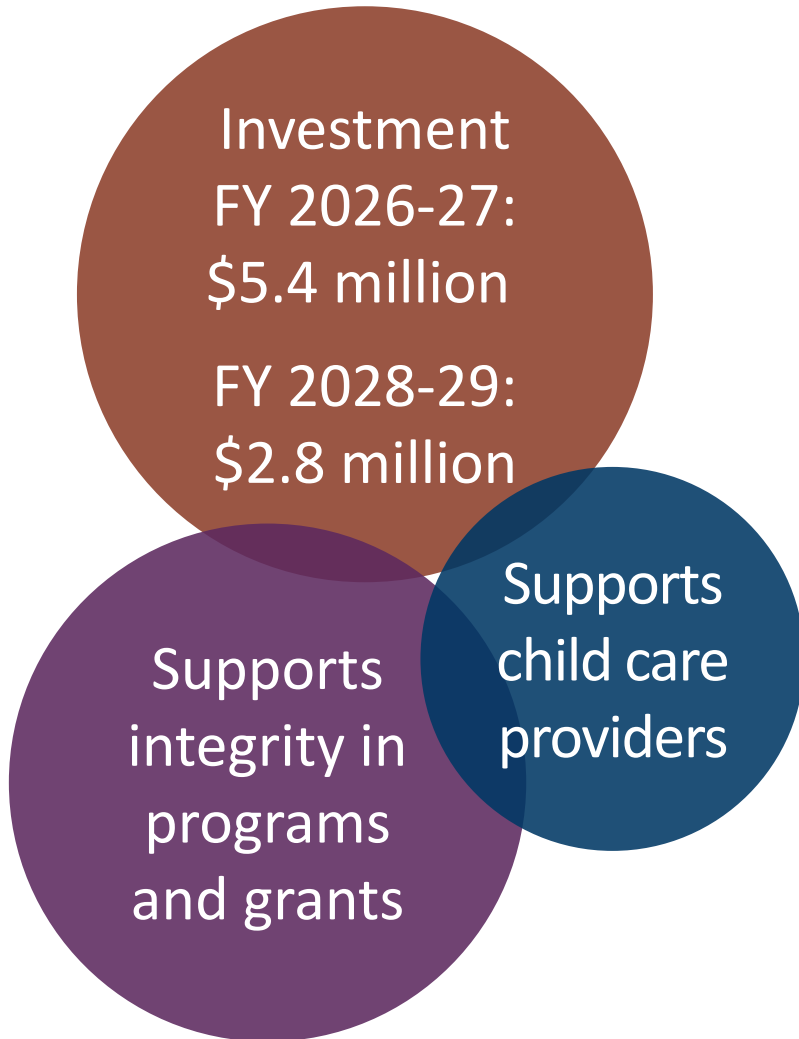
General Fund:

FY 2026-27: \$25.6 M

FY 2028-29: \$11.1 M

Enhancing Program Integrity

Pages 17 & 29



- Statewide electronic attendance recordkeeping system for the Child Care Assistance Program
 - \$4.9M in FY26-27 and \$2.2M in FY28-29
 - Required infrastructure for other changes required by new federal rule
 - Supports program integrity and fraud prevention/detection
- 2 Compliance FTEs
 - Enhance DCYF's internal process controls, grant monitoring, and data analytics

Child Welfare IT Modernization

Page 21



Dedication
FY 2026-27:
\$10 million

Ensures child
welfare
system
supports
children and
families

Supports
workforce

- Social Service Information System (SSIS) is the state's case management and reporting system for child welfare
- An important function is federal reporting on child welfare activities such as child maltreatment reports, out of home placement of children, and adoption/kinship care for children
- Modernization is critical to ensure child welfare workers focus on serving children and families
- Dedicates \$10 million from existing IT innovation fund created during the 2023 session

Child Care Assistance Program – Federal Compliance

Page 12

Federal
investment
FY 2026-27:
\$13.6 million
FY 2028-29:
\$20.1 million

General fund
investment
FY 2026-27:
\$193,000
FY2028-29:
\$64,000

Positive for
families and
program
integrity

Address federal findings

- Legal nonlicensed (LNL) provider health and safety training requirements
 - Policy change only
- Redetermination date consistency
 - Redetermination date reset to 12 months for family when adding children
 - New Federal Regulations
 - Federal Regulation Changes

Reduce copayments for families

- Cap at 7% (down from 14%)

Operating Adjustment

Page 10



Investment
FY 2026-27:
\$6.2 million
FY 2028-29:
\$8.3 million

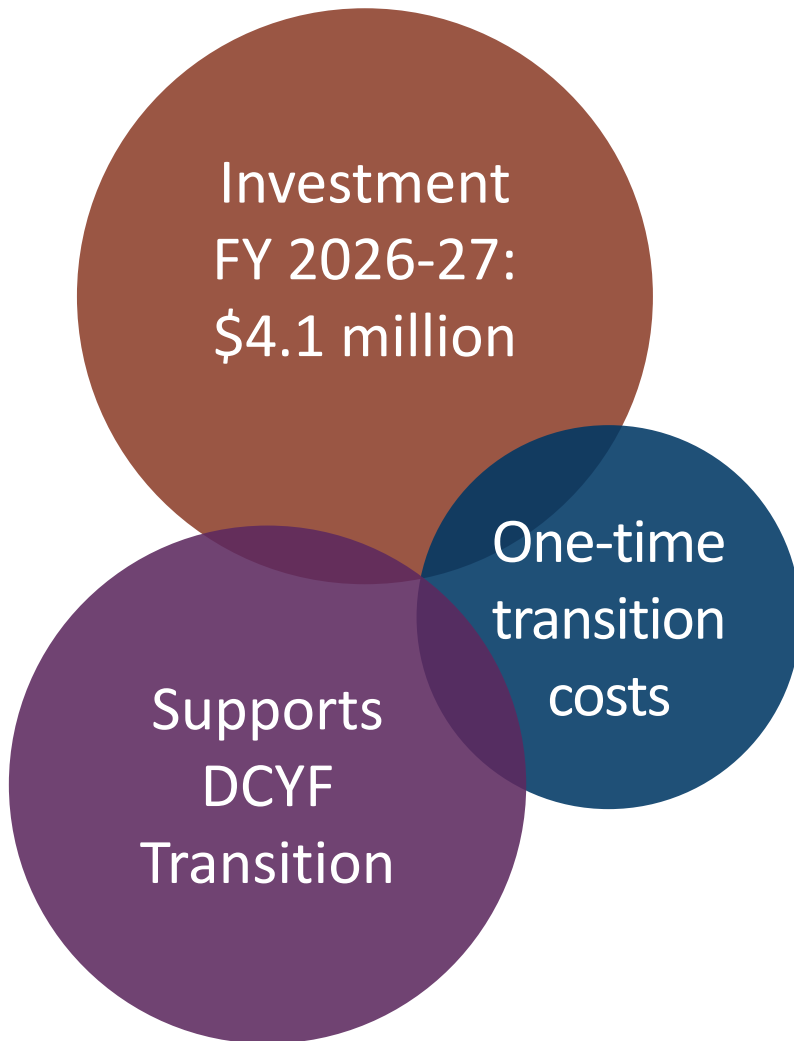
Minimize
impacts to
current
service
levels

Address
budget
pressures

- Addresses growth in costs that put pressure on operating budgets that remain flat from year to year
- Helps DCYF manage expected increases in mailings, IT, compensation and insurance, and other operating costs
- DCYF will also need to find additional efficiencies and leverage management tools to address budget pressures

DCYF Transition Account Reallocation

Page 36



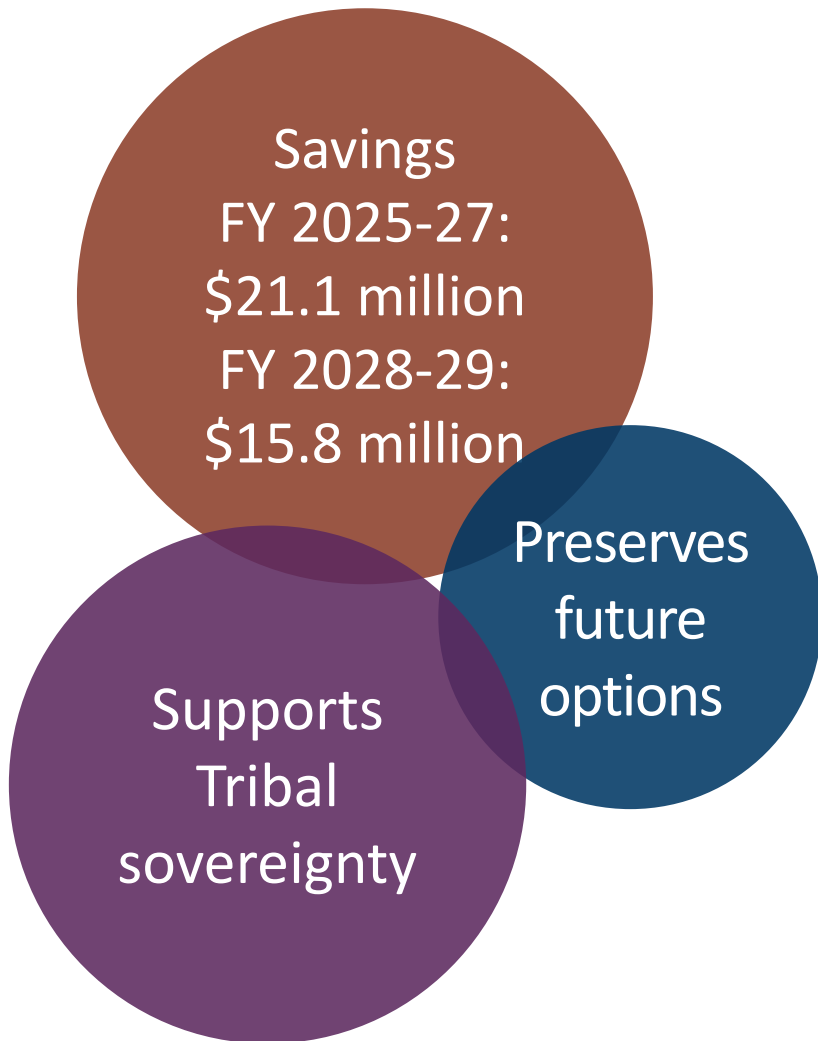
- Supports one-time needs associated with the transition, including costs associated with moving the agency, IT systems migration, moving-related costs and a risk assessment for the new agency
- Reallocates funds directly to DCYF and extends availability of funding through the coming biennium
- Cancels an additional \$2.5 million in SFY 2025

2025 Savings

Total:

FY 2026-27: \$24.1 M

FY 2028-29: \$18.9 M



- In 2023, the Mille Lacs Band of Ojibwe received an appropriation intended to support their work to become an American Child Welfare Initiative Tribe.
- MLBO has chosen not to pursue Initiative status at this time. Funding will be returned to the general fund.
- MLBO has the option to pursue Initiative status in the future.

Savings

FY 2026-27:
\$3.0 million
FY 2028-29:
\$3.0 million

Establishes
\$2 million
biennial
base

Moving to
DCYF in
June 2025

- \$1.5 million per year is being cut from the Restorative Practices Grants administered through the Office of Restorative Practices
- The Office of Restorative Practices will transition from DPS to DCYF in June 2025
- Funds will continue to support pioneering work

Budget Neutral Proposals

Supporting Relative Foster Care and Permanency Placements

Page 50



No Cost

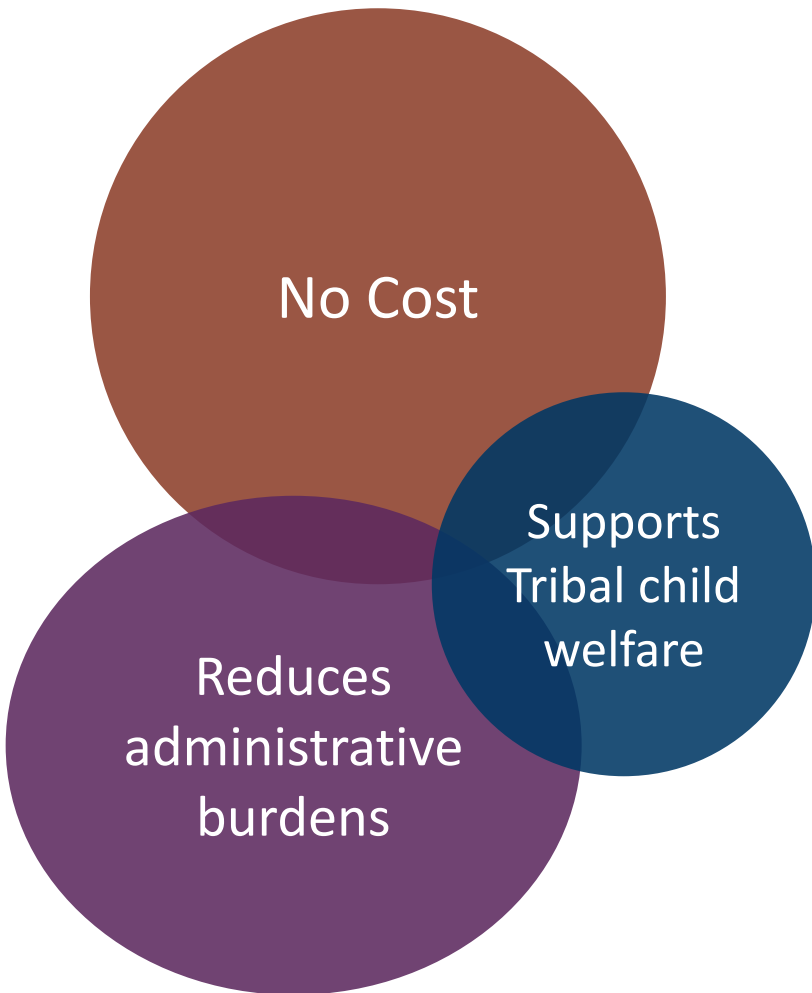
Consistent
outcomes
for families

Reduces
barriers

- Updates Public Private Permanency Collaboration (PPPC) statute to allow for permanency planning, including a transfer of permanent legal and physical custody to a relative
- Expands pool of eligible applicants but keeps total funding dollars the same
- Expanding eligibility for PPC services would allow agencies to support more relative caregivers, improving access for all families in the child welfare system and increasing the number of children placed with their relatives.

Strengthening Tribal Child Welfare Supports

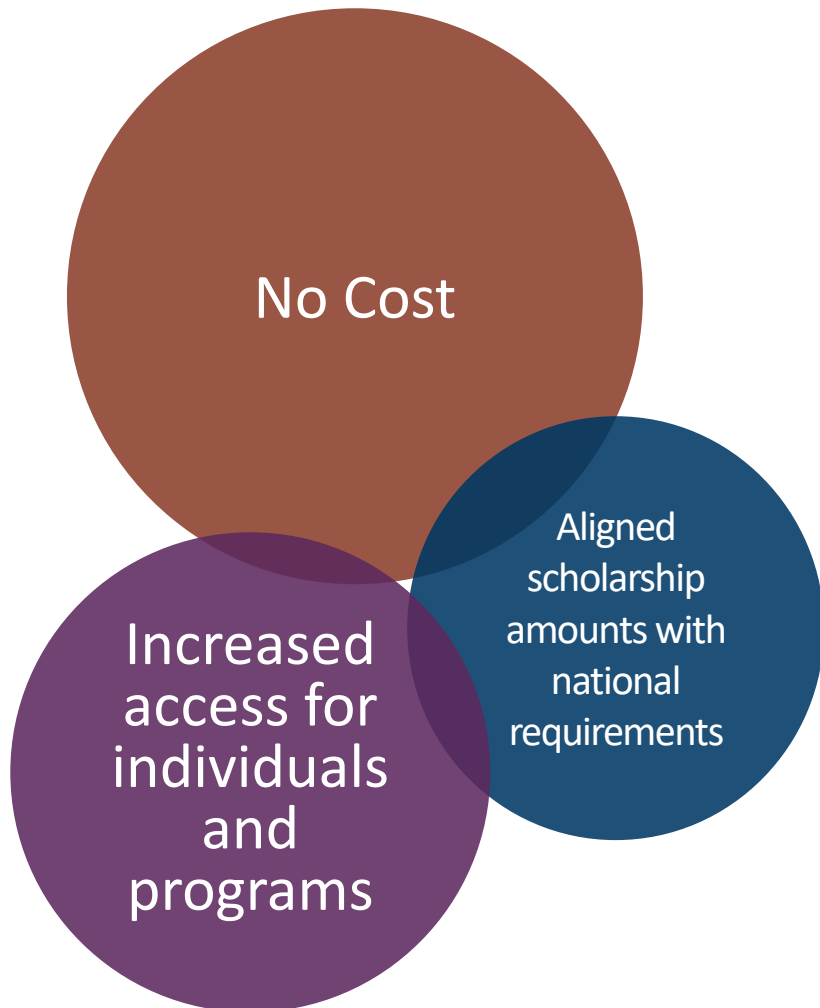
Page 43



- Modifies Indian Child Welfare Grant caps by removing the limit that each grantee can receive for special focus grants
 - The current cap per grantee is \$100,000 per year for each agency.
 - Removing the cap allows each grantee to increase their impact to communities
- Modifies reporting requirements for Indian Child Welfare grants
 - Allows Tribes to determine frequency of program reporting on these grants
 - Minimum frequency of at least once per year (current requirement is quarterly)
 - Reduces administrative burden, thereby increasing capacity to support Tribal families and children who may be at risk of entering the child welfare system.

T.E.A.C.H. Higher Education Scholarship Updates

Page 51



- Allows future maximum scholarship amounts to be adjusted consistent with T.E.A.C.H. program requirements.
- Adds individuals employed by a certified child care center or early education programs as eligible.
- Adds individuals employed by Head Start programs as eligible.
- Reduces matching contribution to 10% for individuals who work in family child care settings.

Great Start Compensation Support Payment Program

Page 40



No Cost

Better
supporting
tribally
licensed
programs

Technical
accounting
updates

- Establishes a dedicated account in the special revenue fund for annual appropriations
 - Aligns existing carryforward authority with common accounting practices.
- Makes all tribally-licensed programs eligible for 10% payment increase

Thank You!