

H.F. 2436 (West) / S.F. 2705 (Wiklund) – DCYF Budget Bill

This bill contains the Governor's budget recommendations for the Department of Children, Youth, and Families (DCYF). The bill includes four articles – Department of Children, Youth, and Families; Child Safety and Permanency; Early Childhood; and Appropriations.

Article 1 – Department of Children, Youth, and Families

Sections 1 and 2 remove language referencing statutes that have been recodified from the Commissioner of the Department of Education (MDE) under Chapter 124D to the Commissioner of the Department of Children, Youth, and Families (DCYF) in Chapter 142D. This supports the transfer of funding required DCYF implementation.

Section 3 inserts references for educational aids under the authority of the DCYF Commissioner to the Department of Education for inclusion in aid payments to local educational agencies.

Section 4 expands the existing statutory authority for the commissioner to contract with licensed private child-placing agencies to support permanency services for children in foster care, whether through transfer of permanent legal and physical custody to a relative or adoption. Currently, the law only provides for adoption services.

Sections 5 through 9 make clarifications related to the education funding streams for programs that transferred to DCYF from MDE to make clear payment schedule and process under section 127A.45, subd. 13 and 127A.41 continue to apply for Developmental Screening Aid and Early Childhood Family Education Aid.

Article 2 – Child Safety and Permanency

Sections 1 and 2 reduce administrative burden for Tribes and urban Indian organizations receiving Indian child welfare grants by requiring the commissioner to establish reporting timelines through engagement with Tribal and urban Indian organizations, while ensuring fiscal reports are submitted at least annually.

Section 3 removes a maximum award limit previously placed on special focus grants under the Minnesota Indian Family Preservation Act to account for increased funding available for these grants, which will allow full use of the appropriation.

Article 3 – Early Childhood

Sections 1-2 make changes to the Great Start Compensation Support Payment Program by adding Tribal reservation land to the definition of Access Equity Areas and making any Tribally licensed program eligible for the 10 percent increase in Great Start Compensation Support Payment Program payments and establishing a special revenue fund for the Great Start Compensation Support Payment Program to replace existing carryforward authority, respectively.

Section 3 makes TEACH scholarship amounts consistent with national TEACH early childhood program requirements, clarifies that employees of certified centers and Head Start programs are eligible for TEACH scholarships, and reduces the scholarship recipient match from 20 to 10 percent for individuals who work in licensed family child care settings.

Sections 4-11 make changes related to federal compliance for the Child Care Assistance Program (CCAP). They include aligning all determination periods to 12 months, reducing copays to no more than 7 percent of a family's income, making changes to health and safety training for legal nonlicensed (LNL) providers, and requiring providers to submit child enrollment and attendance data in a form and manner prescribed by the commissioner.

Article 4 – Appropriations

Article 4 contains appropriations and budget riders for DCYF for fiscal years 2026 and 2027. This article contains the operating budget of DCYF, budget riders for grants and forecasted programs, and budget riders for new initiatives in the governor's budget including \$10 million in fiscal year 2026 for modernization of the child welfare functions in the Social Services Information System (SSIS) and funding for statewide electronic attendance and record-keeping for the CCAP.

Revised Budget

The Governor's Revised 2026-27 Budget includes the following:

- \$200,000 in one-time funding to update the Department of Human Services' Licensing Information Lookup (LIL) to comply with federal law. The federal Office of Child Care found Minnesota law was not in compliance with federal Child Care Development Fund regulations because it did not require information on pre-licensure inspection reports for child care centers to be posted publicly.
- Clarification that the Early Childhood Literacy Program and funding for grants administered through that program will continue to be administered at MDE rather than transfer to DCYF.
- The original budget included a transfer from the federal Temporary Assistance for Needy Families fund to augment the federal Child Care Development Fund to support Child Care Assistance Program federal compliance. In the Revised Budget this revision is funded solely by the Child Care Development Fund, with the exclusion of a small amount of general fund dollars to systems changes.