



February 27, 2020

Honorable Michelle Benson
3109 Minnesota Senate Building
St. Paul, MN 55155

Honorable Tina Liebling
477 Rev. Dr. Martin Luther King Jr. Blvd.
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Honorable John Marty
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St. Paul, MN 55155

Honorable Joe Schomacker
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Honorable Jim Abeler
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Honorable Jeff Hayden
2209 Minnesota Senate Building
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Honorable Debra Kiel
255 Rev. Dr. Martin Luther King Jr. Blvd.
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Dear Chairs and Leads of the Health and Human Services Committees,

A provision in Laws 2009, Chapter 79, Article 13, Section 3, and Subdivision 10 requires the Department of Human Services to provide census data and fiscal projections for the Minnesota Security Hospital and the Minnesota Sex Offender Program at the time of the November and February budget forecasts. Accordingly, I am writing to provide the required information.

The information contained below was prepared in response to the November budget forecast.

The Minnesota Security Hospital (MSH) operates on a fixed legislative appropriation. The appropriation listed in Table 1 (below) provides funding for the secure, special needs, transition, and nursing home beds.

Table 1: Minnesota Security Hospital (MSH)

Date	Total Census	Fiscal Year Appropriations (dollars in thousands)	Fiscal Year Expenditures (dollars in thousands)
June 30, 2018 (actual)	199	\$102,806	\$101,223
June 30, 2019 (actual)*	248	\$107,618	\$108,252
June 30, 2020 (projected)	249	\$112,126	\$111,459
June 30, 2021 (projected)	250	\$115,342	\$115,342

June 30, 2022 (projected)	251	\$115,944	\$115,944
June 30, 2023 (projected)	251	\$115,944	\$115,944

DCT receives a biennial budget allocation. Funds were used across the 2018-2019 biennium to meet operational needs.

* Beginning in January 2019, the MSH census includes beds previously used for the Competency Restoration Program. Since 2013, the number of people in DHS facilities who are incompetent to stand trial has more than doubled, but treatment capacity has remained the same. In December 2018, to address this pressure on admissions, DHS announced a change in its discharge policy: DHS would provisionally discharge people when they are psychiatrically stable even if they are incompetent to stand trial, which is the same standard required of all individuals who are civilly committed and MSH eliminated the Competency Restoration Program.

The elimination of the Competency Restoration Program presented an opportunity to reorganize Forensic Services and use the facility and staff to provide general inpatient mental health treatment. This adds approximately 50 beds to the census through the remainder of the forecast horizon.

Table 2 (below) provides the actual population census and projections for the Minnesota Sex Offender Program (MSOP) under current law. Like, MSH, MSOP operates on a fixed legislative appropriation and there is authority to transfer funding between fiscal years in a biennium and unspent appropriations cancel at the end of the biennium.

Table 2: Minnesota Sex Offender Program (MSOP)

Date	Total Census	Fiscal Year Appropriations (dollars in thousands)	Fiscal Year Expenditures (dollars in thousands)
June 30, 2018 (actual)	736	\$89,217	\$91,378
June 30, 2019 (actual)	731	\$89,823	\$94,805
June 30, 2020 (projected)	732	\$97,072	\$94,691
June 30, 2021 (projected)	729	\$97,621	\$97,621

June 30, 2022 (projected)	733	\$98,166	\$98,166
June 30, 2023 (projected)	745	\$98,166	\$98,166

In 2019, the MSOP census dropped below the forecast. In May 2019, the actual census was 727 clients – 14 below the projected 741 clients. In 2017 and 2018, MSOP experienced a steady census because the rate of discharge and admission were similar. Contrastingly, in 2019, new client admissions dropped substantially, which is believed to result from a continued reduction in the number of individuals with sexual offenses being released from the Department of Corrections. Given the prolonged period of minimal growth since 2015, the projected long-term growth rate has been reduced.

DHS’s Direct Care and Treatment administration moved one-time money from other budget areas to offset MSOP’s budget shortfalls in the 2018 – 2019 biennium. MOSP received additional operating funds for its budget beginning in fiscal year 2020.

Please contact Laura Lane, Legislative Director for Direct Care and Treatment, at 651.431.3783 if you have any questions, or need further information, about the information in this letter.

Sincerely,



Marshall E. Smith, MHA, FACHE
 Health Systems Chief Executive Officer
 Direct Care and Treatment

cc: Dennis Albrecht, Senate Counsel Research and Fiscal Analysis
 Doug Berg, House Fiscal Analysis
 Travis Bunch, Minnesota Management and Budget
 Lynn Glancey, Department of Human Services
 Dave Greeman, Department of Human Services
 Matt Burdick, Department of Human Services