



Minnesota Department of **Human Services**

Direct Care and Treatment

January 14, 2015

Senator Kathy Sheran, Chair
Health, Human Services & Housing Committee
Suite 12 Capitol

Senator Michelle Benson, Ranking Minority
Lead
Health, Human Services & Housing Committee
115 State Office Building

Senator Tony Lourey, Chair
Health and Human Services Finance Division
Suite 12 Capitol

Senator Julie A. Rosen, Ranking Minority Lead
Health and Human Services Finance Division
139 State Office Building

Representative Tara Mack, Chair
Health and Human Services Reform
545 State Office Building

Representative Joe Mullery, Minority Lead
Health and Human Services Reform
303 State Office Building

Representative Matt Dean, Chair
Health and Human Finance Division
401 State Office Building

Representative Tina Liebling, Minority Lead
Health and Human Services Finance Division
357 State Office Building

Dear Senators and Representatives:

A provision in Laws 2009, chapter 79, article 13, section 3, subdivision 10 requires the Department of Human Services to provide census data and fiscal projections for State-Operated Services and for Minnesota Sex Offender services at the time of the November and February budget forecasts. I am writing to provide the required information.

Table 1: State Operated Services- Minnesota Security Hospital (MSH)

Date	MSH Census inside the secure perimeter	Fiscal Year Funding for MSH (dollars in thousands)
June 30, 2010 (actual)	227	\$68,245
June 30, 2011 (actual)	238	\$69,269
June 30, 2012 (actual)	233	\$67,602
June 30, 2013 (actual)	211	\$70,483
June 30, 2014 (actual)	205	\$77,523
June 30, 2015 (projected)	214	* \$83,943
June 30, 2016 (projected)	216	* \$83,707
June 30, 2017 (projected)	219	* \$83,707

*Projected costs for the program are estimated to exceed the annual base level appropriation of \$74,402,000 due to 2014 unfunded salary increases and requirements related to the conditional license correction plan.

The appropriation listed in Table 1 provides funding for the secure, special needs, transition, and nursing home beds. The Minnesota Security Hospital (MSH) operates on a fixed legislative appropriation. There is authority to transfer funding between fiscal years in a biennium, and unspent appropriations cancel at the end of the biennium.

As of June 30, 2014, 205 individuals were served within the secure perimeter of the Minnesota Security Hospital (MSH). This census is four patients below the February 2014 forecast. This reduction is likely due to the efforts to increase 2014 discharges and limiting admissions to only mentally ill and dangerous (MI&D) patients. The November forecast recognizes this base reduction and continues to project the same relative growth.

The projected appropriations for fiscal years 2014 through 2017 above are higher than the current base appropriation for fiscal year 2013.

Table 2: Minnesota Sex Offender Program (MSOP)

Date	MSOP Census	Fiscal Year Funding for MSOP (dollars in thousands)	Per Diem
June 30, 2010 (actual)	575	\$64,843	\$328
June 30, 2011 (actual)	625	\$67,503	\$328
June 30, 2012 (actual)	653	\$70,416	\$317
June 30, 2013 (actual)	690	\$73,412	\$326
June 30, 2014 (actual)	697	\$76,769	\$318
June 30, 2015 (projected)	718	\$80,922	\$341
June 30, 2016 (projected)	755	\$79,745	TBD
June 30, 2017 (projected)	788	\$79,745	TBD

Table 2 above shows the actual population census and population projections for the Minnesota Sex Offender Program (MSOP) under current law. MSOP operates on a fixed legislative appropriation. There is authority to transfer funding between fiscal years in a biennium, and unspent appropriations cancel at the end of the biennium. The appropriations for fiscal years 2016 and 2017 equal the current base appropriation for fiscal year 2015, and do not include increased costs for client population growth.

In the February 2014 forecast, we pointed out the slower growth in the MSOP census over the past two years. Potential explanations are the increase in county share and a change in behavior within the courts which resulted in fewer individuals being referred for civil commitment. Based on actual MSOP census over the last few months, this trend appears to be continuing, however, this represents less than a one percent reduction in the base, which is not enough to warrant an adjustment to the forecasted long-term growth trend. Thus, the only change in the November forecast is a base adjustment to recognize the new actual census data. As in February, the growth trend is expected to accelerate in early 2015 due to an increase in the projected growth of Department of Corrections (DOC) sex offender releases.

Please contact Shelia Brandt, Legislative Liaison for the Direct Care & Treatment Administration (DCT) at 651-431-5877 if you have any questions, or need further information, about the information in this letter.

Sincerely,



Anne M. Barry
Deputy Commissioner

AB/smb

cc: Dennis Albrecht, Senate Counsel Research and Fiscal Analysis
Doug Berg, House Fiscal Analysis
Susan Melchionne, Minnesota Management and Budget
Shelia Brandt, DHS
Jayne Rankin, DHS