



**Minnesota Department of Human Services
Direct Care and Treatment**

January 7, 2019

Honorable Michelle Benson
3109 Minnesota Senate Building
St. Paul, MN 55155-1606

Honorable Debra Kiel
255 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Honorable Jim Abeler
3215 Minnesota Senate Building
St. Paul, MN 55155-1606

Honorable Tina Liebling
477 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Honorable Jeff Hayden
2209 Minnesota Senate Building
St. Paul, MN 55155-1206

Honorable Joe Schomacker
209 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Honorable Rena Moran
575 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155-1206

Dear Chairs and Leads of the Health and Human Services Committees,

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 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 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. However, the forecasted population growth is based on secure MSH beds only.

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	\$101,416
June 30, 2019 (projected)	200	\$107,618	\$108,726
June 30, 2020 (projected)	201	\$112,126	\$112,126

June 30, 2021 (projected)	202	\$115,342	\$115,342
June 30, 2022 (projected)	202	\$115,944	\$115,944
June 30, 2023 (projected)	203	\$115,944	\$115,944

From January to October 2018, MSH has had a lower than projected census. Current analysis predicts the census to return to previously forecasted levels with a small growth in census.

There is authority to transfer funding between fiscal years in a biennium and unspent appropriations cancel at the end of the biennium. Table 1 shows a one-time savings in FY2018 resulting from a delay in hiring, that carried forward to FY2019. These one-time savings are being used to off-set costs relating to security infrastructure needed during construction on the St. Peter campus.

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 (projected)	741	\$89,823	\$96,117
June 30, 2020 (projected)	757	\$87,338	\$96,117
June 30, 2021 (projected)	770	\$87,887	\$96,117

June 30, 2022 (projected)	787	\$88,432	\$96,117
June 30, 2023 (projected)	805	\$88,432	\$96,117

Between April and September 2018, MSOP census exceeded projections; however, the projected growth remains relatively unchanged from last February.

Beginning in FY2017, MSOP costs have exceeded the annual base appropriation due to requirements related to Community Preparation Services (CPS) and reintegration services, which were not funded. Accordingly, forecasted expenditures for FY2020 through FY2023 are based on current expenditures. These forecasted expenditures exceed base appropriation funding because it is not expected that costs will be reduced.

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
 Ahna Minge, Minnesota Management and Budget
 Lynn Glancey, Department of Human Services
 Dave Greeman, Department of Human Services