

Legislative Update Report

Date: February 28, 2025

To: Representative Nolan West, Chair, House Children and Families Finance and Policy
Representative Nathan Nelson, Vice Chair, House Children and Families Finance and Policy
Representative Carlie Kotyza-Witthuhn, DFL Lead, House Children and Families Finance and Policy
Senator Melissa Wiklund, Chair, Senate Health and Human Services Committee
Senator Alice Mann, Vice Chair, Senate Health and Human Services Committee
Senator Paul Utke, Ranking Minority Member, Senate Health and Human Services Committee

From: Tikki Brown, Commissioner, Department of Children, Youth, and Families

RE: Modernizing information technology for programs impacting children and families

Introduction and Background

In the 2023 legislative session, \$20 million for “modernizing information technology for programs impacting children and families” was included in the health and human services bill signed into law from the 2023 legislative session (Minnesota Laws 2023, Chapter 70, Article 12, Section 32). The legislation requires plan development, cross-agency engagement, and coordination and alignment with other systems modernization activities that affect the Departments of Human Services and Education, the Department of Children, Youth, and Families (DCYF), and other agencies with relevant programs as identified by the Children’s Cabinet. Per the legislation, “the plan must support the goal of creating new or modernizing existing information technology systems for child-and family-focused programs that collect, analyze, share, and report data on program participation and service coordination and school readiness, early screening and other childhood indicators.”

The Administration appreciates the opportunity to partner with advocates, providers, partners, and the legislature to advance long needed improvements to service delivery through cross-agency collaboration and effective utilization of this and other investments. Collaborating agencies, DCYF, DHS, MNIT, and the Children’s Cabinet have prioritized implementation of recently passed legislative priorities. Agencies are also focused on an intentional whole-systems strategic modernization approach that includes the critical input of the many non-state entities who partner with the state to deliver services to Minnesotans, including counties, tribal governments, and others. This \$20 million for child-and-family focused programs is a critical flexible resource to embark on new modernization efforts as well as build on existing efforts. Grounding additional modernization efforts in a holistic perspective will enable much needed prioritization and maximization of this investment and

ensure coordination with other modernization efforts underway to advanced improved coordination and service delivery, particularly in our early care and education system.

By embarking on the systems assessment and plans with external partners, agencies and the legislature will be better positioned to deliver strategic improvements across the range of systems and services that serve Minnesota's children and their families. Some of this work is already underway, and the Governor's budget proposals described at the end of this memo are specific next steps the State can take toward necessary and foundational systems modernization and improved service delivery centering children, youth, and families and those who serve them.

The legislation requires an update by February 1 of each year to the legislative committees with jurisdiction over impacted programs on the status of the use of money, plan development, and strategy implementation. To satisfy this requirement, this memo provides an update of the planning work.

Status of the funds and plan development

Funds for assessment and initiating plan development

The \$20 million was appropriated to DHS and shall transfer to DCYF once operational \$558, 000 has been encumbered for a contract executed and work initiated in November 2024 with BerryDunn to conduct an interested party engagement and systems assessment. Contracted activities include evaluating existing data and IT systems/tools; engaging stakeholders to identify gaps and opportunities for IT solutions; and creating an IT modernization plan based on information obtained from leadership, staff, and interested parties. In addition to DCYF leadership, the Children's Cabinet, Minnesota IT (MNIT) and Department of Human Services have been engaged in the planning, decision-making, and development and execution of the RFP and execution of contractor duties. Other agencies will be engaged as needed through the leadership of the Children's Cabinet.

Through the contract with BerryDunn, the assessment will involve:

- a) Reviewing background documentation provided by DCYF and other interested parties.
- b) Working closely with DCYF, the Department of Human Services (DHS), Minnesota IT Services (MNIT), the Children's Cabinet, other agencies identified by the Children's Cabinet, as well as partners to identify scope and focus areas and then understand goals, challenges, and requirements.
- c) Engaging related external interested parties by conducting interviews, workshops, and assessments to gather relevant information in an iterative process before and after narrowing the scope. This involved conducting multiple interviews and workshops that engaged groups such as child care providers, advocates, counties, Tribes, school districts and charters, as well as other users of agency systems.
- d) Evaluating existing systems, processes, and technologies to identify gaps and opportunities for improvement, excluding Minnesota's Social Services Information System (SSIS).
- e) Partnering with agency leadership to narrow the scope to two or three focus areas to identify solutions for information gathered in a, b, and c.
- f) Conducting market research of potential solutions and/or technologies, including identifying options in use in other states/government entities.

An overarching approach with this assessment and planning work is to leverage and align with engagement, modernization, and agile development and modernization efforts underway or recently completed. It is the goal for the engagement for this effort to not be duplicative, and instead provide an opportunity to share what we've heard previously, overview of the work underway, and listen and document additional needs, connections, and opportunities from key stakeholders. This includes coordinating with and building upon IT modernization projects currently underway including but not limited to:

- Early Learning Scholarships Online Application and Early Learning Scholarship Administrators Hub
- Provider Hub
- Discovery process for what it might look like to create a shared payment system between Child Care Assistance Program (CCAP) and Early Learning Scholarships
- Improvement to MAXIS Notices
- Child Support Modernization

Additionally, coordination in the plan development will consider related new initiatives as well as existing modernization efforts. Specifically related to the plan requirements, the Great Start Compensation Support Program (Minnesota Statutes 2023, section 119B.27) and Great Start Scholarship Program (Minnesota Statutes 2023, section 119B.99) have been identified as key programs for consideration in the early care and education related components required in the plan.

Following the completion of this contracted work and engagement, the Administration is planning a new Request for Proposals to solicit a contractor for a second phase of this work. This would include using the planning work to create a business capability and technology roadmap plan for modernization with specific recommendations and solutions. The plan required in statute appropriating these funds would be a final product of this second phase of this work. It is intended to meet statutory requirements, with attention to what's needed to achieve the goals and aligned to Administration's existing goals and plans aimed at improving customer experience, service coordination, and modernizing our systems, with a focus on children and families. Having this roadmap is one step toward these goals, as we know modernization and achieving the goals outlined in statute will require policy changes, both administrative and legislative, as well as additional, sustainable investment.

Related Governor's Budget Proposals

The Governor's budget released last month includes a proposal to invest \$10 million onetime in fiscal year 2026 to make further progress toward modernization of the child welfare functions in SSIS, the state's case management and reporting system that was implemented in the 1990s. This funding would come from the dedication of \$10 million of the \$20 million appropriated for IT systems improvements for children and family programs and services.

As you know, the urgent need to replace this outdated system has rightfully been elevated and discussed at the legislature and with county, tribal, advocates, and other social service organizations and families intersecting with SSIS to track, manage, and pay for social services. In 2024, \$10 million for SSIS modernization was appropriated to start the modernization process. This additional request will double the state funding available for modernization efforts to begin in earnest. The expectation is that approximately 50% federal financial participation will be available to offset state costs.

Additionally, the Governor's budget proposed \$3.778 million from the general fund in fiscal year (FY) 2026 and \$1.115 million annually beginning in FY2027 for changes to develop a statewide electronic attendance and recordkeeping system for the Child Care Assistance Program (CCAP). This not only supports fraud prevention and is a known foundational step in implementing new federal Child Care Development Fund (CCDF) rules announced in Spring 2024 by the federal Office of Child Care (OCC), but is also aligned with the following strategy required in the statute appropriating the \$20 million for IT systems improvements for children and families: "monitor and collect nonbiometric attendance data at child care centers licensed under Minnesota Rules, chapter 9503, through a combination of state-provided technology and integration with private child care management systems."

Collectively these Governor's budget proposals move us toward IT priorities that are aligned with goals outlined in the legislation appropriating this \$20 million. In combination with the plan development underway, the Administration is eager to continue working through these and other initiatives with the legislature, counties, Tribal Nations, advocates, providers, families, and others to execute and iterate on our IT modernization families centering the goal make it easier for children, youth, and families and those who serve them to access services and get what they need.

Please reach out to Jennifer Sommerfeld, jennifer.sommerfeld@state.mn.us, DCYF Government Relations Director, for more information and feedback.