



2025 Governor Walz and Lt. Governor Flanagan Budget

2025 Investments



Enhancing Program Integrity

Pages 17 & 29

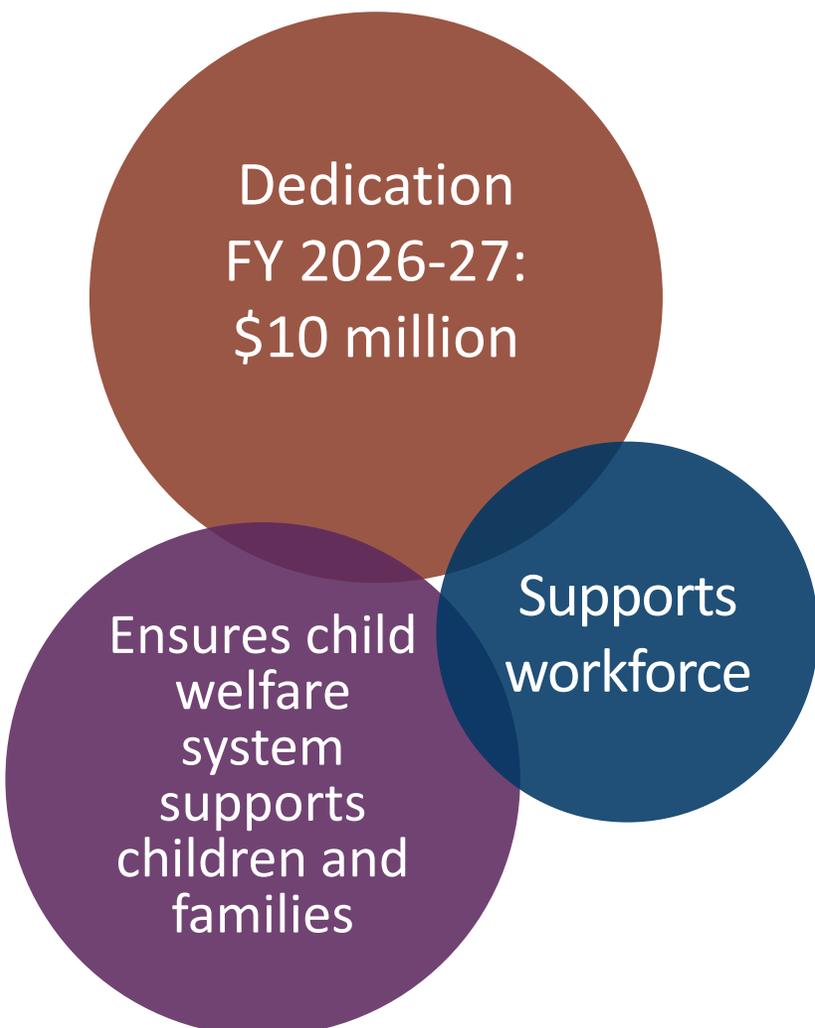
Investment
FY 2026-27:
\$5.4 million
FY 2028-29:
\$2.8 million

Supports
integrity in
programs
and grants

Supports
child care
providers

- Statewide electronic attendance recordkeeping system for the Child Care Assistance Program
 - \$4.9M in FY26-27 and \$2.2M in FY28-29
 - Required infrastructure for other changes required by new federal rule
 - Supports program integrity and fraud prevention/detection
- 2 Compliance FTEs
 - Enhance DCYF's internal process controls, grant monitoring, and data analytics

Child Welfare IT Modernization



Dedication
FY 2026-27:
\$10 million

Ensures child
welfare
system
supports
children and
families

Supports
workforce

- Social Service Information System (SSIS) is the state's case management and reporting system for child welfare
- An important function is federal reporting on child welfare activities such as child maltreatment reports, out of home placement of children, and adoption/kinship care for children
- Modernization is critical to ensure child welfare workers focus on serving children and families
- Dedicates \$10 million from existing IT innovation fund created during the 2023 session

Child Care Assistance Program – Federal Compliance

Pages 12 & 56

Federal investment
FY 2026-27:
\$13.8 million
FY 2028-29:
\$20.3 million

General fund investment
FY 2026-27:
\$393,000
FY2028-29:
\$64,000

Positive for families and program integrity

Address federal findings

- Legal nonlicensed (LNL) provider health and safety training requirements
 - Policy change only
- Redetermination date consistency
 - Redetermination date reset to 12 months for family when adding children
 - New Federal Regulations
 - Federal Regulation Changes

Reduce copayments for families

- Cap at 7% (down from 14%)

Changes to Licensing Information Lookup

- Respond to federal finding of non-compliance; one-time cost for updates to LIL system

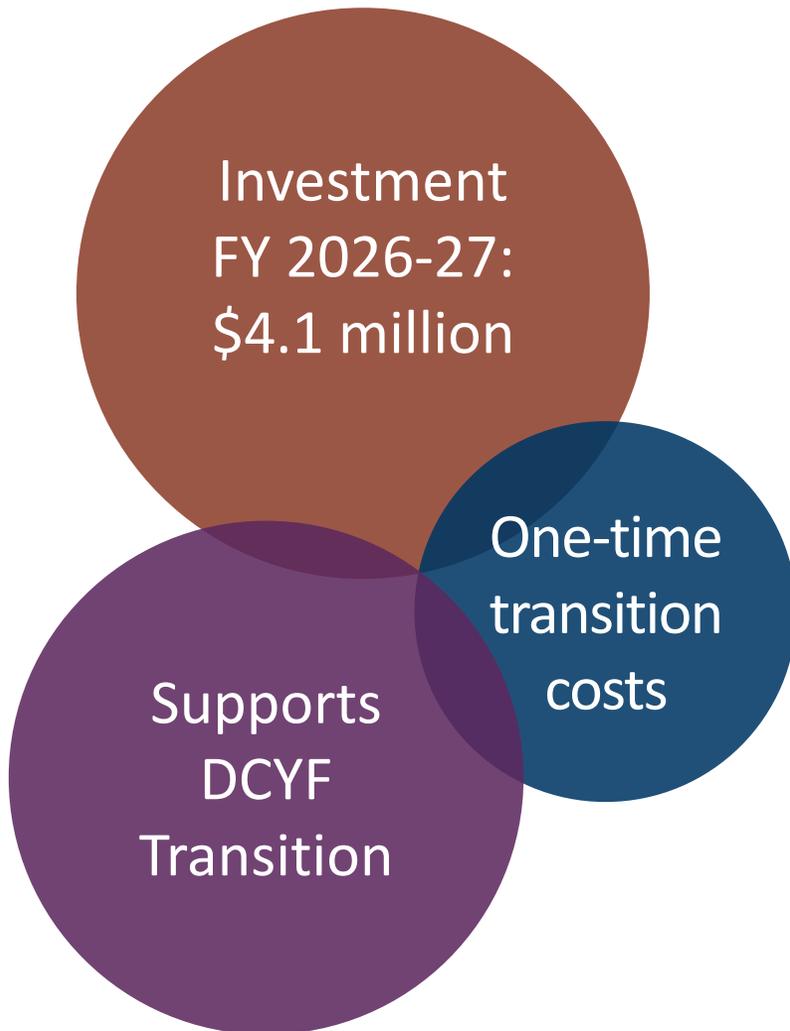
Investment
FY 2026-27:
\$6.2 million
FY 2028-29:
\$8.3 million

Minimize
impacts to
current
service
levels

Helps
address bu
dget
pressures

- Helps address growth in costs that put pressure on operating budgets that remain flat from year to year
- Helps DCYF manage expected increases in mailings, IT, compensation and insurance, and other operating costs
- DCYF will also need to find additional efficiencies absorb costs and leverage management tools to address budget pressures

DCYF Transition Account Reallocation



- Supports one-time needs associated with the transition, including costs associated with moving the agency, IT systems migration, moving-related costs and a risk assessment for the new agency
- Reallocates funds directly to DCYF and extends availability of funding through the coming biennium
- Cancels an additional \$2.5 million in SFY 2025

2025 Savings



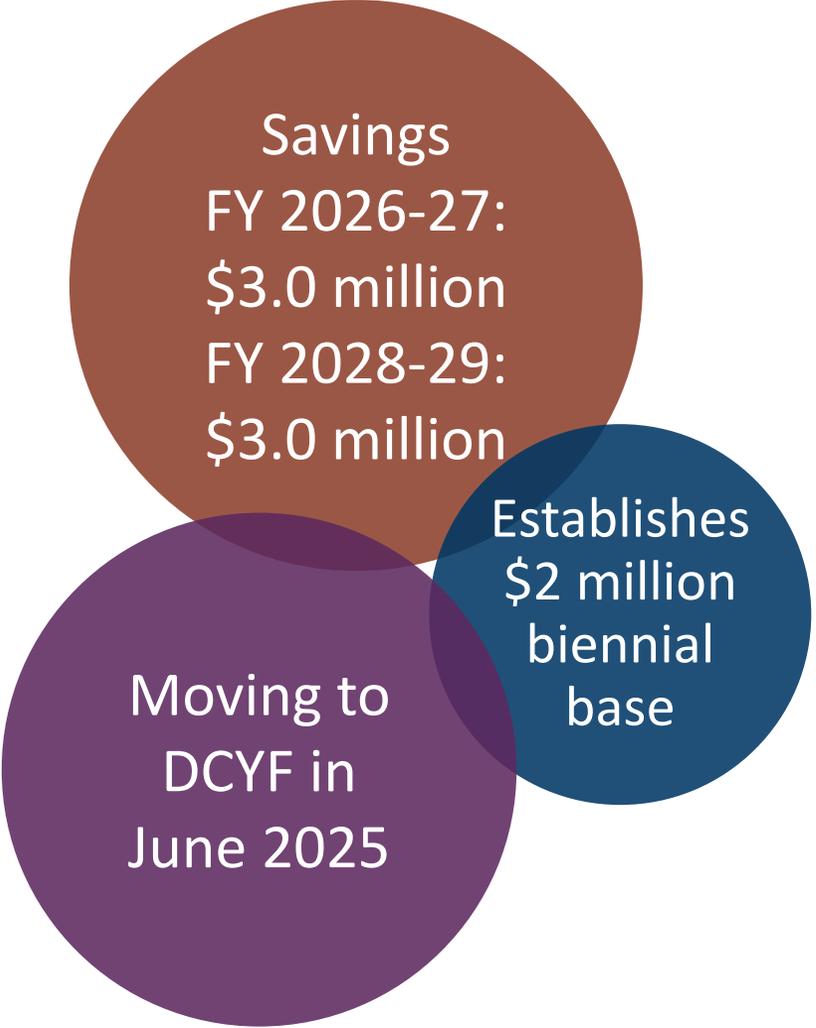
Savings

FY 2025-27:
\$21.1 million
FY 2028-29:
\$15.8 million

Preserves
future
options

Supports
Tribal
sovereignty

- In 2023, the Mille Lacs Band of Ojibwe received an appropriation intended to support their work to become an American Child Welfare Initiative Tribe.
- MLBO has chosen not to pursue Initiative status at this time. Funding will be returned to the general fund.
- MLBO has the option to pursue Initiative status in the future.



Savings

FY 2026-27:
\$3.0 million
FY 2028-29:
\$3.0 million

Moving to
DCYF in
June 2025

Establishes
\$2 million
biennial
base

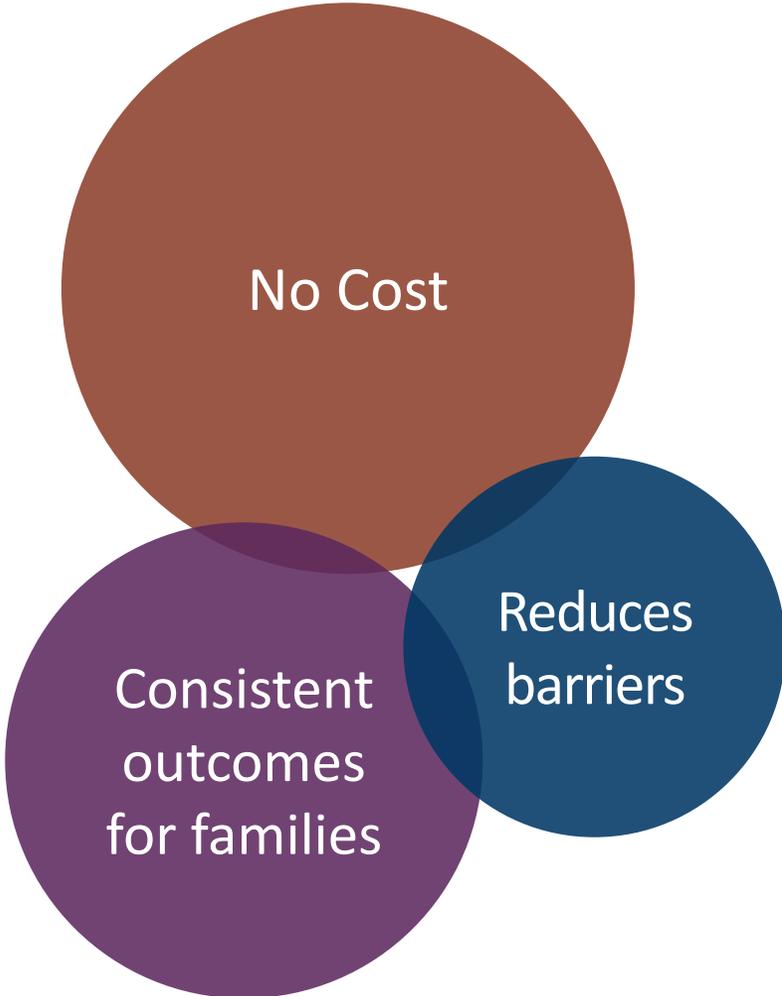
- \$1.5 million per year is being cut from the Restorative Practices Grants administered through the Office of Restorative Practices
- The Office of Restorative Practices will transition from DPS to DCYF in June 2025
- Funds will continue to support pioneering work

Budget Neutral Proposals



Supporting Relative Foster Care and Permanency Placements

Page 47



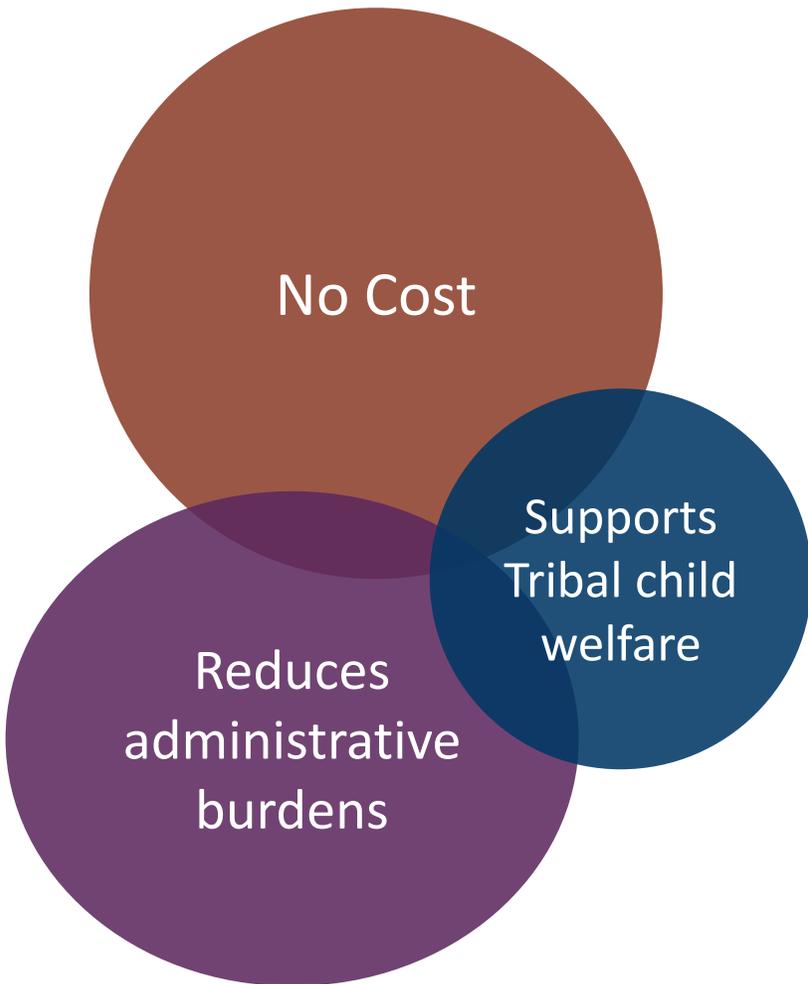
No Cost

Consistent
outcomes
for families

Reduces
barriers

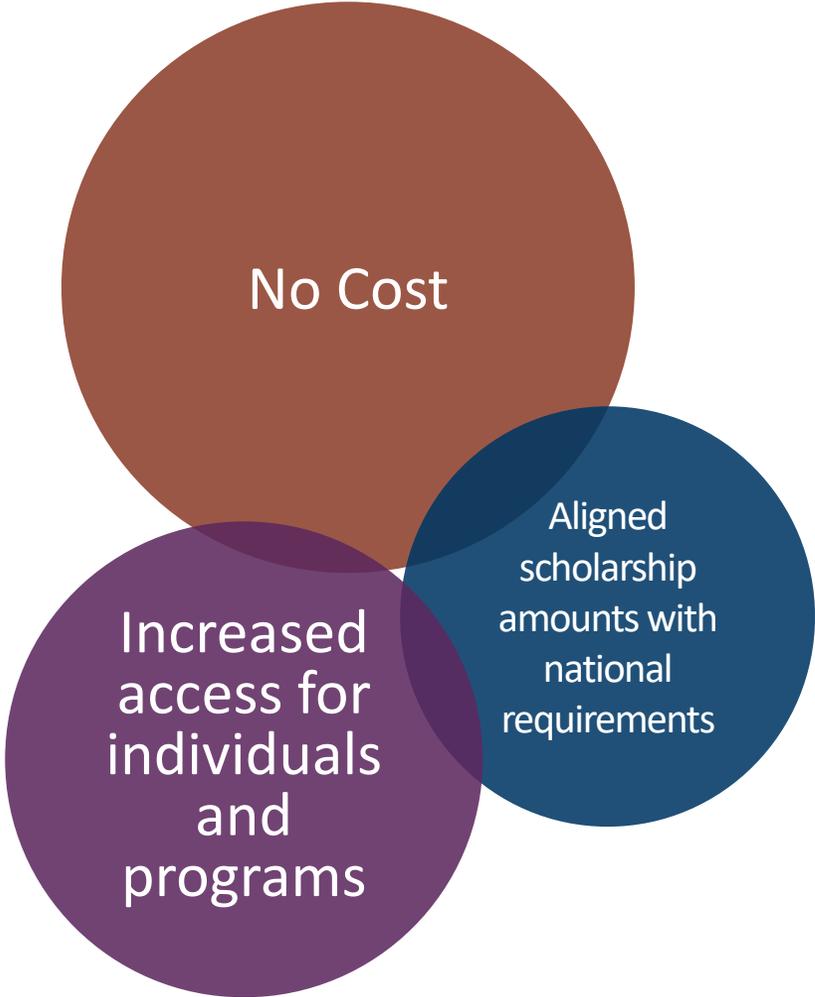
- Updates Public Private Permanency Collaboration (PPPC) statute to allow for permanency planning, including a transfer of permanent legal and physical custody to a relative
- Expands pool of eligible applicants but keeps total funding dollars the same
- Expanding eligibility for PPPC services would allow agencies to support more relative caregivers, improving access for all families in the child welfare system and increasing the number of children placed with their relatives.

Strengthening Tribal Child Welfare Supports



- Modifies Indian Child Welfare Grant caps by removing the limit that each grantee can receive for special focus grants
 - The current cap per grantee is \$100,000 per year for each agency.
 - Removing the cap allows each grantee to increase their impact to communities
- Modifies reporting requirements for Indian Child Welfare grants
 - Allows Tribes to determine frequency of program reporting on these grants
 - Minimum frequency of at least once per year (current requirement is quarterly)
 - Reduces administrative burden, thereby increasing capacity to support Tribal families and children who may be at risk of entering the child welfare system.

T.E.A.C.H. Higher Education Scholarship Updates



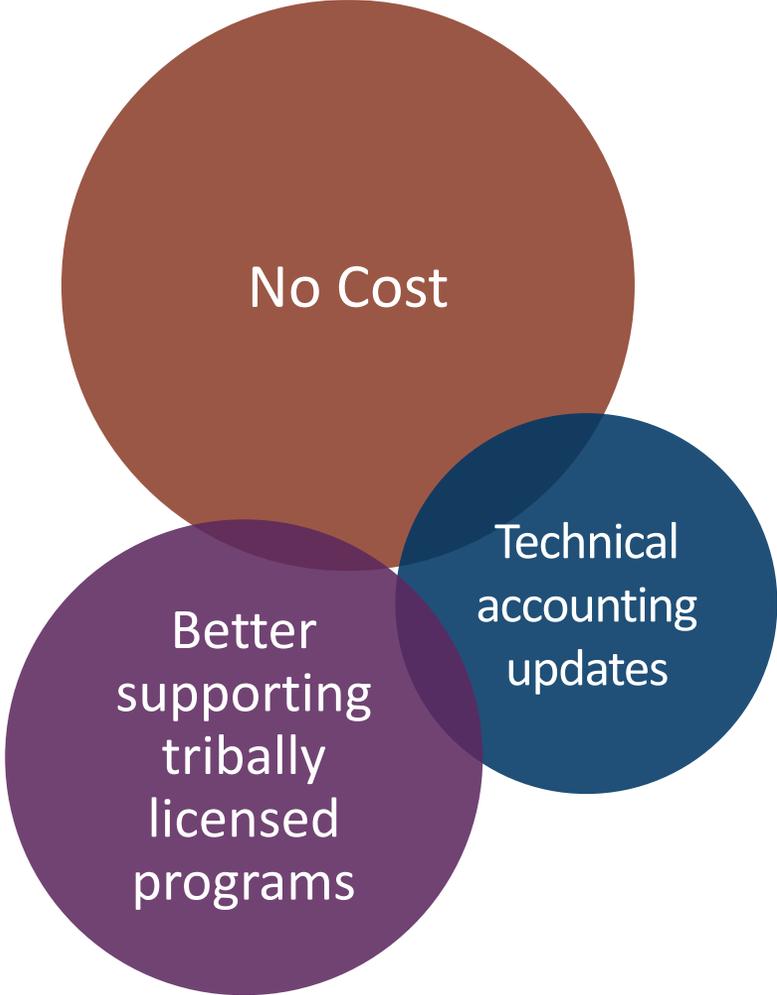
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Increased
access for
individuals
and
programs

Aligned
scholarship
amounts with
national
requirements

- Allows future maximum scholarship amounts to be adjusted consistent with T.E.A.C.H. program requirements.
- Adds individuals employed by a certified child care center or early education programs as eligible.
- Adds individuals employed by Head Start programs as eligible.
- Reduces matching contribution to 10% for individuals who work in family child care settings.

Great Start Compensation Support Payment Program



No Cost

Better
supporting
tribally
licensed
programs

Technical
accounting
updates

- Establishes a dedicated account in the special revenue fund for annual appropriations
 - Aligns existing carryforward authority with common accounting practices.
- Makes all tribally-licensed programs eligible for 10% payment increase

Thank You!