



**DEPARTMENT OF CHILDREN,
YOUTH, AND FAMILIES**

DCYF Updates

Senate Health & Human Services Committee - February 24, 2026

1. Child Welfare IT Modernization
2. Electronic Attendance Records
3. Impacts of H.R. 1 on SNAP in Minnesota and Recent Federal Actions
4. CCAP Program Integrity Overview
5. Child Care Licensing Modernization

Child Welfare IT Modernization

Tikki Brown, Commissioner

Planning and Readiness Activities Since July 1, 2025



Next Steps



Finalize RFP,
requirements, and
IAPD – submit for
federal review



Data clean-up and
ongoing data
conversion
readiness work



Organizational
change readiness
work with local
agencies, and
business processes
evaluation

Electronic Attendance Records

Tikki Brown, Commissioner

Electronic Attendance Records – Timeline to Today

- **2019:** Study and report on possible electronic record keeping processes. The report identified the need to centralize provider registration before implementing electronic attendance records.
- **2023:** Information technology updates and statutory authorization for the state to centralize CCAP provider registration that was being conducted by counties across the state.
- **2025:** Funding and statutory authority to implement electronic attendance records.

Current Activities

- ***Current activity.*** DCYF is currently working with the software vendor to implement.
- ***Roll-out.*** It is anticipated that the system will begin to roll out in June 2026. At that time, DCYF will begin requiring some child care providers that receive CCAP payments to submit electronic attendance records.
- ***Expected outcome.*** The electronic attendance record system will be able to flag abnormalities and cross-check records, making regular compliance checks substantially easier and allowing for increasing oversight and more comprehensive investigations.

Impact of H.R. 1 on SNAP in Minnesota

Recent Federal Actions

Tikki Brown, Commissioner

Dr. Shaneen Moore, Assistant Commissioner



SNAP provides low-income individuals and families with monthly funds on an EBT card to buy eligible food items

Supplemental Nutrition Assistance Program (SNAP)



~\$75 million/month, over 440,000 participants in Minnesota



177,000 children, 70,000 seniors, and 56,000 adults with disabilities



More than 3,600 authorized retailers accept SNAP



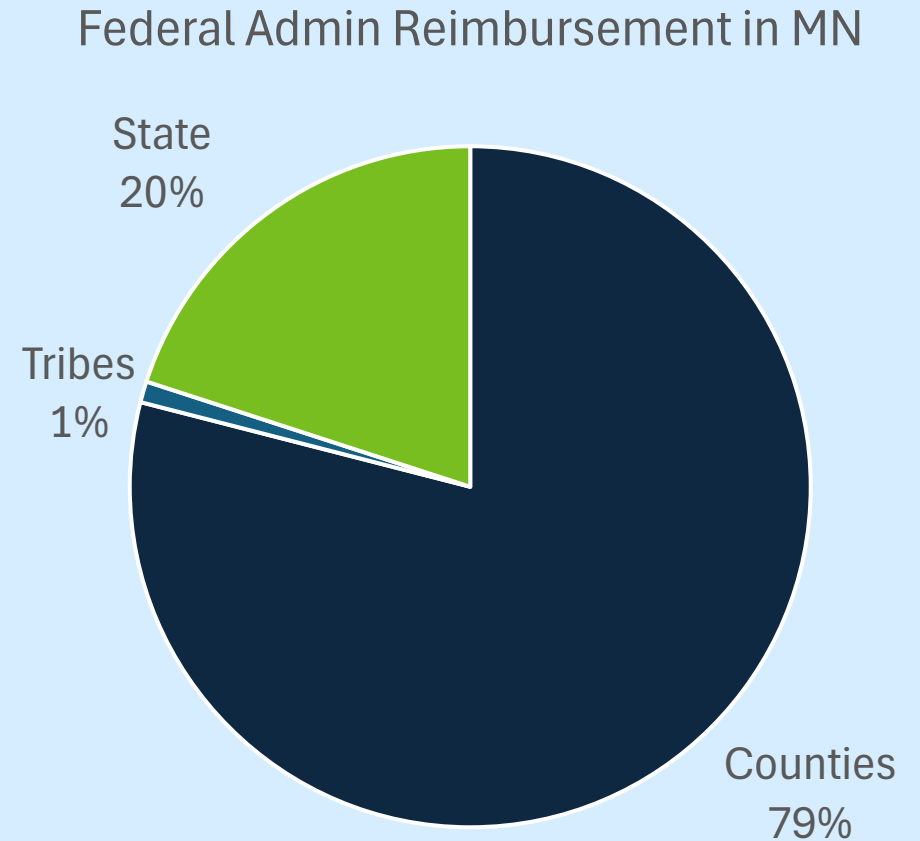
Every dollar in SNAP generates \$1.50 in economic activity

Background on H.R. 1

- H.R. 1 (P.L. 119-21) was signed into law by President Trump on July 4, 2025.
- The Congressional Budget Office estimates that H.R. 1 cuts federal SNAP spending by \$187 billion over the next 10 years.
- Includes major policy changes to SNAP:
 - Shifts more SNAP costs onto states and local governments
 - Expands work requirements to more groups
 - Changes how benefits are calculated
 - Narrows legal noncitizen eligibility

SNAP administrative funding cuts - \$41.1 million/year

- Cuts the federal reimbursement rate that states and local governments receive for administering SNAP from 50% to 25%.
- Effective October 1, 2026 (FFY 27).
- Minnesota will receive an estimated \$39 million less annually, weakening administrative and oversight capacity.
- An additional \$2.1 million will be lost for SNAP outreach activities.



SNAP benefit cost share - \$97 million/year

- Starting October 1, 2027, states will be required to pay a share of SNAP benefits based on payment error rates.
- MN's required share is estimated to be 10% of benefit costs or ~\$97M annually.

Benefit Cost Share	Payment Error Rate	State & National Error Rates for FFY24
0% Cost Share	Less than 6%	8 States
5% Cost Share	Between 6% and 8%	6 States
10% Cost Share	Between 8% and 10%	16 States <i>MN rate was 8.9%</i>
15% Cost Share	Over 10%*	20 States <i>National Average was 10.9%</i>

**For the first two years of implementation, states with a PER greater than 13.34% will have 0% benefit cost share.*



What is a payment error?

- A payment error is an incorrect benefit determination for a SNAP household, either an overpayment or underpayment.
- All overpayments and underpayments must be corrected.
- Payment error rates are driven by unintentional mistakes at the county or client level.
- Payment error rates often increase when new laws are implemented.
- USDA monitored error rates prior to H.R. 1; the new law uses the measure in a new way.

SNAP work requirement changes



Expands work requirements to adults through age 64 (previously 54) and limits the dependent child exemption to adults with children under 14 (previously 18).

- Implemented November 1, 2025.
- Also eliminates exemptions for veterans, people experiencing homelessness, and youth leaving foster care, and restricts geographic waivers to areas with 10%+ unemployment rates.
- 18,000 more adults in an average month will be subject to the SNAP work requirements.
- Two-thirds are older adults ages 55-64; a quarter are parents with children age 14 and older.



Adds new exemptions for American Indians, Alaska Natives, Urban Indians, and California Indians.

- Implemented November 1, 2025.
- 5,000-7,000 SNAP participants identifying as American Indian could qualify for an exemption.

SNAP benefit and eligibility changes



Thrifty Food Plan changes. A “cost-neutrality” restriction prevents USDA from increasing the cost of SNAP through reevaluations of the benefit formula, limiting updates to the Consumer Price Index.

- Next reevaluation may occur October 1, 2027.
- 440,000 participants will receive an estimated \$5 less per month on average beginning in 2027.



Utility deduction changes. Prohibits treating internet as a utility expense and using energy assistance payments to automatically qualify for the heating/cooling standard utility allowance for families without an elderly or disabled family member.

- Implemented October 1, 2025 (internet restriction) and November 1, 2025 (energy assistance restriction).
- SNAP participants will still qualify for the allowance if they have heating/cooling costs.



Legal noncitizen eligibility changes. Limits SNAP to U.S. citizens, lawful permanent residents, Cuban/Haitian entrants, and noncitizens lawfully in the U.S. under a Compact of Free Association.

- Implementing March 1, 2026.
- Roughly 9,000 fewer legal noncitizens, primarily refugees and asylees, will be eligible for federal SNAP in an average month.

SNAP-Ed funding eliminated - \$9.5 million/year

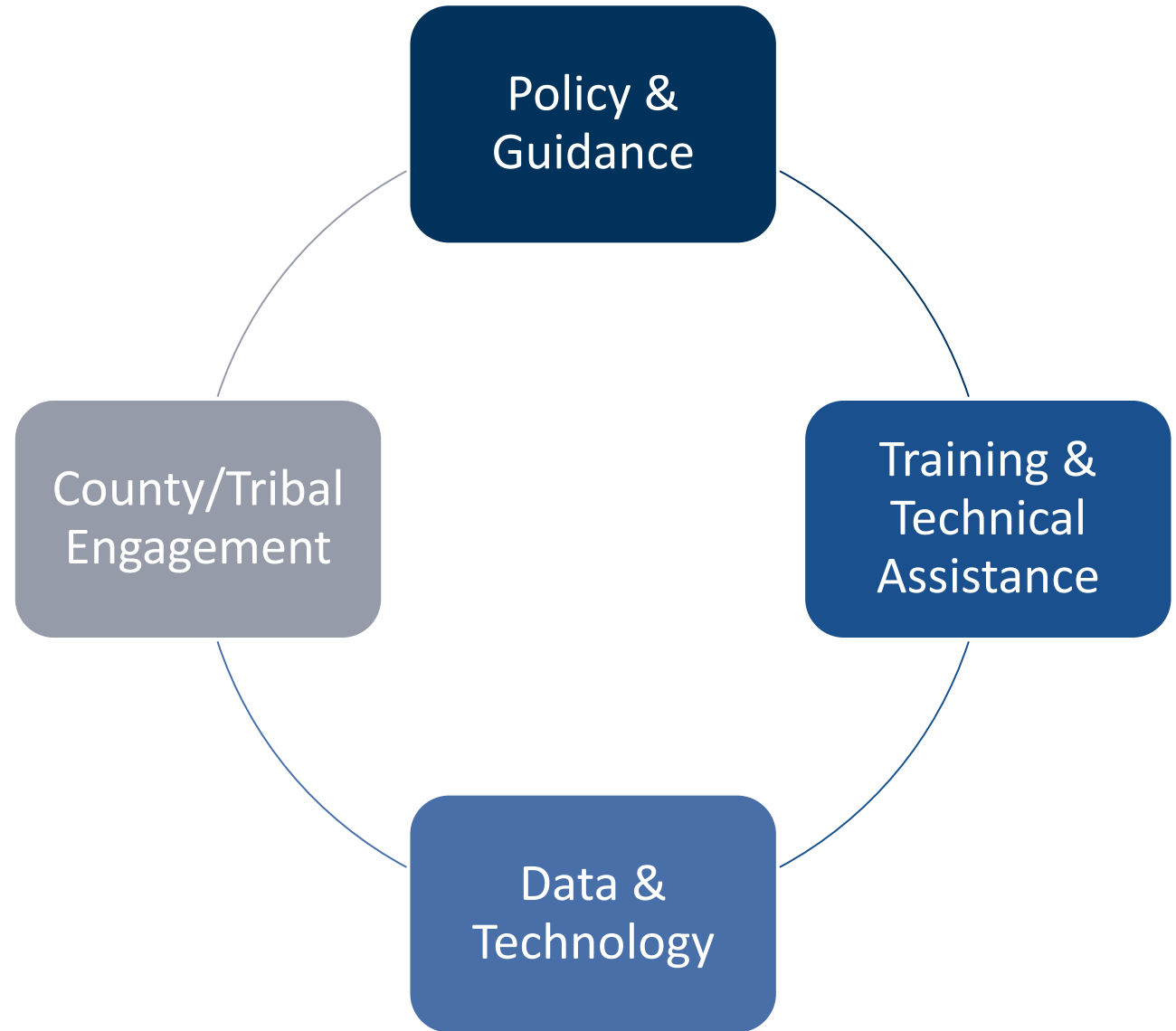


SNAP Education, or SNAP-Ed, eliminated after FFY 2025.

- Effective October 1, 2025.
- Minnesota received about \$9.5 million a year for nutrition classes and other initiatives that promote healthy eating, shopping, and cooking.
- Funding was distributed to the University of Minnesota Extension and Tribal Nations.
- In 2024, 2,644 nutrition classes were provided, with over 19,000 individuals (4,600 children) receiving direct education.



H.R.1 Implementation Efforts



County & Tribal Engagement

- DCYF meets and communicates regularly with Minnesota's counties on H.R. 1 implementation, payment error rate (PER) reduction, and continuous improvement.
- Since Sept 2025, the state and AMC have convened a Steering Committee to guide implementation of H.R. 1, including a SNAP Subcommittee.
- DCYF also meets regularly with Tribal Nation administrators (Mille Lacs Band of Ojibwe, Red Lake Nation, White Earth Nation) and with county affinity groups.
- Feedback from local administrators has informed DCYF implementation efforts and timelines, including our PER mitigation plan.

Policy & Guidance

Updating DCYF policy manuals and guidance	Timeline
Internet expenses change	Completed Oct 2025
Thrifty Food Plan annual COLA update	Completed Oct 2025
SNAP work requirement and exemption changes	Completed Nov 2025
Standard utility allowance (SUA)	Completed Nov 2025
Limits to non-citizen eligibility	Scheduled for Mar 2026

Simplifying policies and guidance tools to reduce PER	Timeline
Implement simplified reporting for all SNAP cases	Scheduled for Apr 2026
Eliminate household update form and use combined application for all cases	Scheduled for Sept 2026
Identify available policy waivers/options and feasibility	Ongoing assessment
Policy manual consolidation, enhanced search, and AI functionality	<i>Requires funding</i>

Training & Technical Assistance

Training for local agency staff on H.R. 1 policy changes	Timeline
H.R. 1 policy changes overview trainings	Completed Oct, Nov, and Dec 2025
Trainings and Q&A sessions on work requirement and utility allowance changes	Completed Oct, Nov, and Dec 2025
Trainings and Q&A sessions on non-citizen changes	Scheduled for Feb, Mar, Apr 2026

Training and technical assistance for local agencies to reduce PER	Timeline
Analyze and share root causes, frequent payment errors	Ongoing via QC case review data
Develop comprehensive training plan on frequent errors	Ongoing with monthly updates
Create client education materials to help them understand their responsibilities	Ongoing; new website Feb 2026
Collaborate with SNAP Outreach to reduce client errors	Ongoing with regular meetings

Enhancing training and quality assurance to reduce PER	Timeline
Increase new worker trainings, add experienced worker trainings	<i>Requires funding</i>
Conduct real-time quality assurance case reviews to prevent and correct local agency errors before they occur	<i>Requires funding</i>

Data & Technology

MAXIS updates to reduce PER	Timeline
Identify and create new MAXIS scripts for error prone areas to ease burden for workers	In progress
Explore MAXIS updates to improve error-prone shelter and utility panels	In progress
Prioritize MAXIS workarounds and backlogged IT system changes	In progress
Update MAXIS to enable Simplified Reporting for SNAP	Scheduled for Apr 2026

MAXIS modernization and technology enhancements to reduce PER	Timeline
Bridge to modernization via MAXIS eligibility system integration layer	Started with onetime funds; <i>requires ongoing funding</i>
Expand income verification technologies to target common errors and reduce mistakes	<i>Requires funding</i>
Add an applicant portal to improve information collection at onset of application process	<i>Requires funding</i>
Identify new data tools to provide more immediate and timely access to SNAP data	In progress; <i>requires funding</i>
Explore new IT options used in other states to better identify error prone cases	In progress; <i>requires funding</i>



Recent Federal Actions

Over the last 12 months DCYF has navigated through an unprecedented level of federal instability, all while following the law to protect programs serving the most vulnerable Minnesotans.



Impacted programs & litigation status

SNAP data demand. *Preliminary injunction granted*

- In May 2025, USDA made the unprecedented demand that states turn over sensitive, personal identifying information on millions of SNAP recipients or face fiscal penalties.
 - States routinely provide anonymized data sets to USDA to meet federal requirements, promote program integrity, and protect personal privacy.
-

SNAP non-citizen guidance. *Preliminary injunction granted*

- In Oct. 2025, 1 day before states were required to implement H.R. 1's limits on SNAP eligibility for certain legal non-citizen groups, USDA issued guidance that incorrectly eliminated eligibility for certain lawful permanent residents.
 - A federal judge blocked the USDA from enforcing its incorrect guidance and extended the 120-day "hold harmless" period for implementation to April 2026.
-

SNAP H.R. 1 policy guidance. *Under federal court review*

- In Jan. 2026, 23 states filed an amended complaint to the non-citizen litigation regarding delays in USDA guidance on work requirement and utility allowance changes.
- The amended complaint argues that USDA incorrectly applied the 120-day "hold harmless" period from July 4, rather than the date guidance was issued, meaning states could be prematurely assessed payment errors for H.R. 1-related changes.



Impacted programs & litigation status (continued)

SNAP “recertification pilot.” *Preliminary injunction granted*

- In Dec. 2025, USDA sent a letter to Minnesota requiring 4 counties to recertify more than 100,000 households in only 30 days or the state would face fiscal penalties.
 - Minnesota’s counties already recertify eligibility to ensure households continue to meet eligibility requirements, in accordance with federal law.
-

USDA “funding freeze.” *Under state agency review*

- In Jan. 2026, USDA sent notice that the federal government would suspend payments totaling \$129M in awards to Minnesota and Minneapolis.
 - The notice did not specify which programs would be impacted, but USDA has represented in court that SNAP benefits will not be impacted.
-

ACF “funding freeze.” *Preliminary injunction granted*

- In Jan. 2026, ACF issued a letter indicating the federal government would restrict drawdowns, essentially freezing funds, for the Child Care and Development Fund (CCDF), Temporary Assistance for Needy Families (TANF), and Social Services Block Grant (SSBG) in five states including MN.
- In Feb. 2026, the court granted a preliminary injunction preventing ACF from freezing approximately \$10 billion in funding for the five targeted states.

Programs Not Interrupted by Funding Freeze (SFY 2026)

Federal Award	DCYF Program	FY2026 (remaining)	FY 2027	Program & Funding Impact
TANF Block Grant	Minnesota Family Investment Program (MFIP)	\$52 million	\$127 million	A federal funding freeze will not interrupt services, but will cause automatic cost increases in the General Fund
Child Care Development Fund	MFIP Child Care Assistance	\$33 million	\$113 million	A federal funding freeze will not interrupt services, but will cause automatic cost increases in the General Fund
	Basic Sliding Fee Child Care Assistance	\$0	\$123 million	All SFY 2026 federal funds have been spent. This program will continue spending down the state share through June 2026.

Federal Programs Potentially Impacted

Federal Award	DCYF Program	FY2026 (remaining)	FY 2027
TANF Block Grant	<ul style="list-style-type: none"> Grants, program oversight and administration 	\$78 million	\$119 million
Child Care Development Fund	<ul style="list-style-type: none"> Grants, program oversight, and administration 	\$30 million	\$54 million
Social Services Block Grant	<ul style="list-style-type: none"> Vulnerable Children & Adults Act County Allocation Grants, program oversight, and administration 	\$19 million	\$32 million
USDA Awards	<ul style="list-style-type: none"> SNAP Benefits 	\$375 million	\$900 million
	<ul style="list-style-type: none"> SNAP Administration 	\$40 million	\$80 million
	<ul style="list-style-type: none"> SUN Bucks, grants, program oversight, and admin 	\$90 million	\$100 million

CCAP Program Integrity Overview

Tikki Brown, Commissioner

Randy Keys, Inspector General

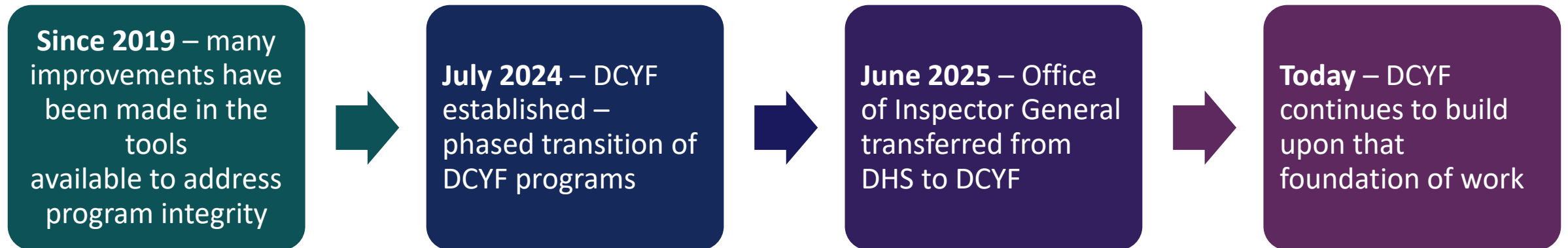
Program Integrity at DCYF

INFLUENCES:

- Culture
- Training
- Laws
- Media
- Policies
- Partners
- Counties
- Tribes
- Governor
- Legislature
- Federal Gov't
- OLA



Building Strong Program Integrity



CCAP Program Integrity Legislation - 2019

2019 - Major Program Integrity Overhaul

- Expanded sanctions and exclusions across DHS programs
- Established clearer fraud standards, penalties, and administrative disqualification process
- Affirmed local authority to investigate provider fraud
- Improved provider accountability for billing and attendance records
- Reduced retroactive eligibility from 6 to 3 months
- Increased transparency & oversight through increased public access to data, cross-agency data sharing and expanded provider appeal rights.
- Invested in integrity infrastructure, registration, attendance, and billing software research, and new staff investigators and analysts.

CCAP Program Integrity Legislation - 2021

2021 – Payment Controls & Overpayment Recovery

- Limited retroactive authorizations/payments
 - Reduced to 3 months in most situations
- Expanded authority to stop or end payments based on non-compliance for certified centers
- Clarified overpayment rules
 - Required recovery of fraud overpayments
 - Prohibited overpayments based solely on agency error
 - Established 6-year lookback for non-fraud overpayments
- Forfeiture of held payments upon fraud determination

CCAP Program Integrity Legislation - 2024

2023 – Centralization & Cross-Program Safeguards

- Centralized CCAP provider registration to improve program integrity
- Stronger agency authority on the Limits on Receiving Public Funds statute
- Expanded corrective action rights
- Enhanced ownership/operation reporting requirements

2024 – Structural & Licensing Enhancements

- Conditional certification added for license-exempt centers needing closer monitoring
- DHS --> DCYF transition technical changes
 - Transitioned DHS' CCAP and investigative authority to DCYF
 - Established Limits on Receiving Public Funds statutory authority for DCYF

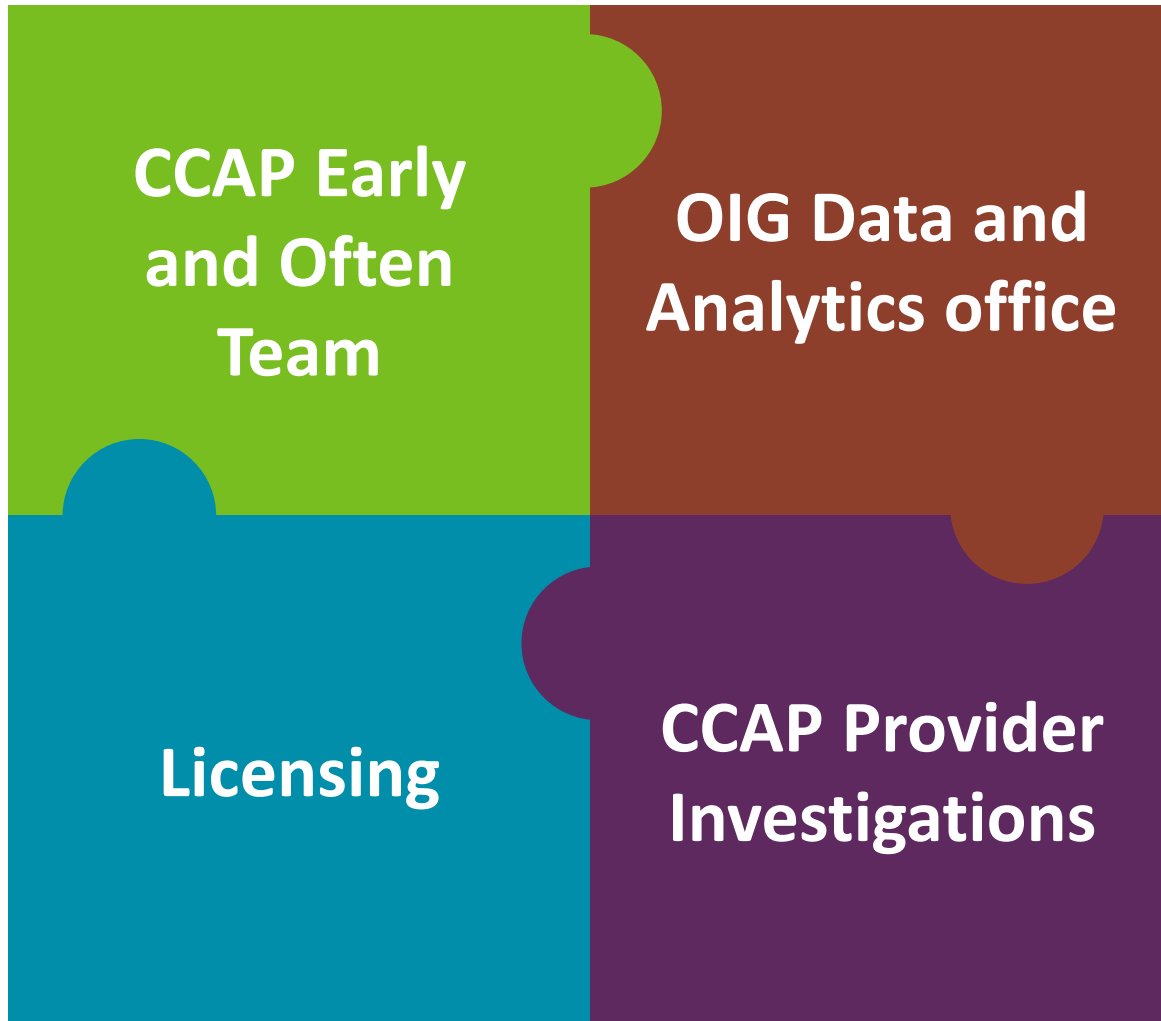
CCAP Program Integrity Legislation - 2025

2025 – Modernization & Fraud Deterrence

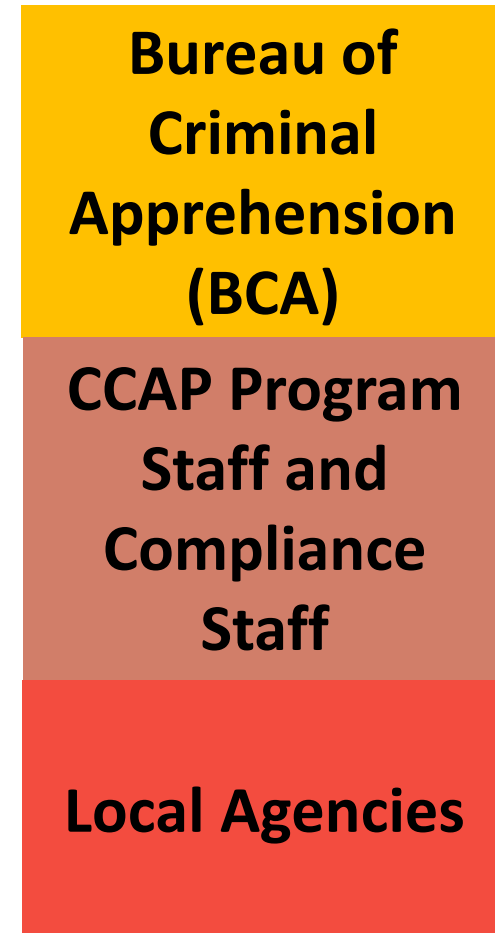
- Statewide electronic attendance requirement (effective 6/22/26)
- Banned kickbacks tied to CCAP access or provider steering
- Allowed limited disclosure of payment stops with Commissioner's approval
- Additional positions dedicated to limit on public funds and compliance

Program Integrity – Child Care Assistance Program

CCAP Program Integrity Tools



Partners



Steps to investigating CCAP fraud:



First, we identify concerning information about a program, leading to an administrative process to determine if concerns are warranted. Then investigation begins, leading to possible outcomes such as administrative actions, civil remedies, and criminal prosecution. Most of the time, our investigations result in findings related to **administrative and compliance issues**.

CCAP Program Integrity Administrative Actions

Through our investigation, DCYF can take actions such as:

- **Discontinue payment** – DCYF can act to immediately stop or end CCAP payments
- **Order of corrective action**– DCYF identifies practices that are violations of CCAP policies, laws, or regulations that must be corrected
- **Overpayment assessment** – DCYF recoups payments when it identifies improper payments
- **Administrative disqualification (DQ)** – DCYF disqualifies a provider from participation in the CCAP program

Current Program Integrity Activities

- Increased compliance checks of child care providers receiving funds from the Child Care Assistance Program (CCAP)
 - Verify programs are operating
 - Verify compliance with program requirements
 - Collect historical attendance records for further analysis
- Add additional IT capabilities
- Expand use of administrative sanctions
- Explore gaps in policies in payment withholdings and other administrative actions
- Continued coordination with BCA and other state/federal agencies

Child Care Licensing Modernization

Randy Keys, Inspector General

Licensing: First Step to Higher Quality

- ***Role of Licensing.*** To establish foundational health and safety standards, setting a baseline for programs to legally operate that ensures children are safe, protected and their development is supported in healthy, enriching environments.
- ***Role of Quality Improvement Supports.*** DCYF provides supports to help programs go beyond the baseline set by Licensing, providing a framework for best practices in early care and education that optimize children's development and families' experiences.

Quality improvement supports include:

- Parent Aware, Minnesota's Quality Rating and Improvement System
- Accreditation Fee Reimbursement
- Training, Coaching, Higher Education Scholarships, and Grants

Child care regulation modernization directive

Weighted Risk System will:

- Structure violations based on level of risk
- Assign licensing sanction severity based on risk level

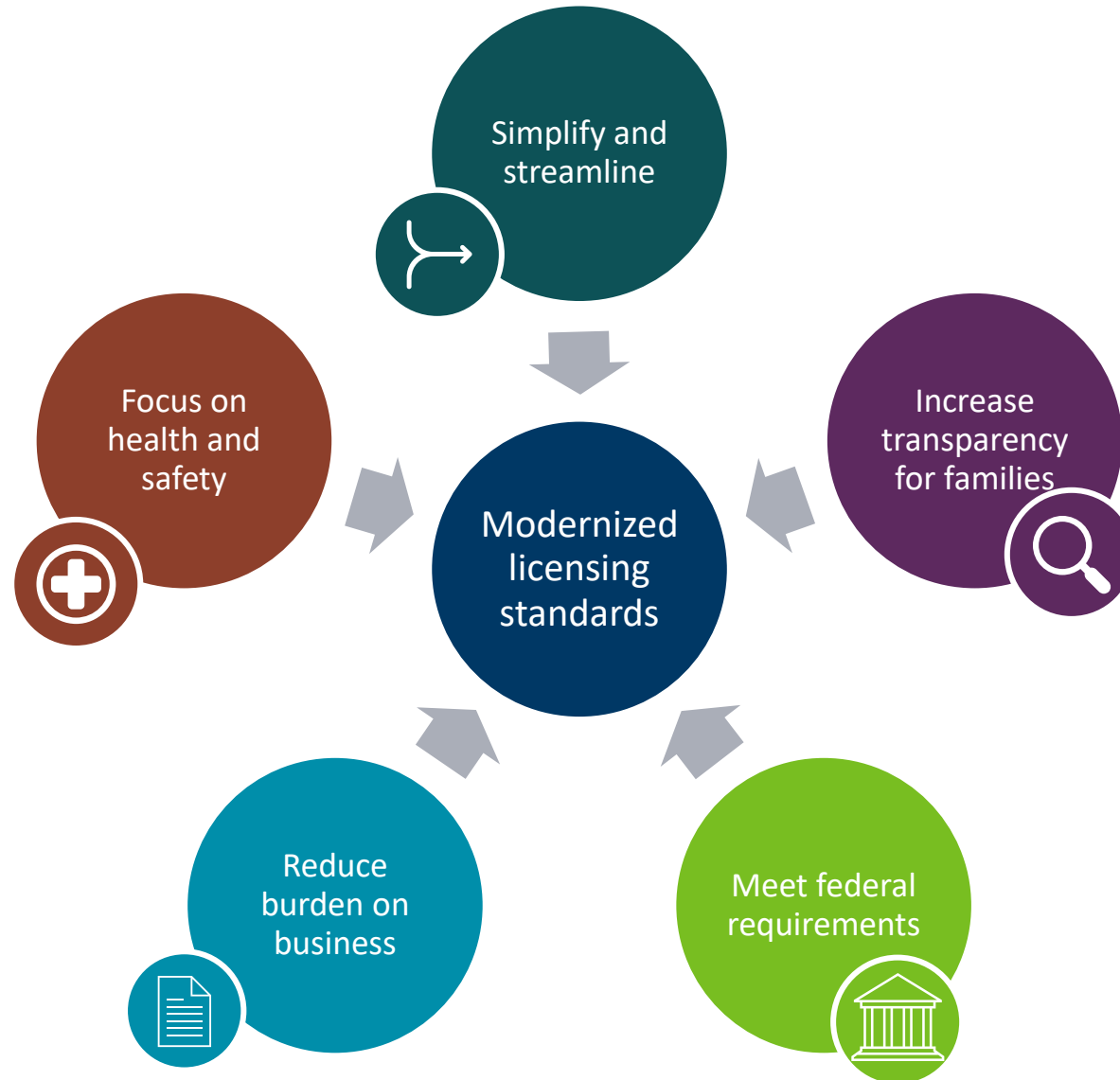
Abbreviated inspections will:

- Base eligibility on past compliance history
- Allow shorter licensing inspections

Licensing standards must:

- Protect the health and safety of children
- Be child centered
- Be family friendly
- Be fair to providers

Balancing multiple goals for licensing standards



Feedback Process

- October 2022: DHS's first stakeholder survey
- March 2023 – April 2024: NARA initial draft refinement
- April – August 2024: Draft 1
 - 23 Listening sessions
 - Statewide survey
 - Individual provider interviews
 - 6 County licenser focus groups
- Feb – July 2025: Draft 2
 - 50 In-person and virtual events
 - Statewide survey
 - 12 Licensor focus groups
- January 2026: Legislative Report/Proposed Standards
 - Sent to over 20,000 recipients



Proposed statutory structure

Before

Child care centers – MN
Rule 9503 – Repeal

Family child care – MN
Rule 9502 – Repeal

MN Ch. 142B – Repeal
sections



After

Child care centers – MN
Statute Ch. 142H








Family child care – MN
Statute Ch. 142I

MN Ch. 142B revised to focus
on DCYF's responsibilities










Key changes for both service types

- ⊕ **Safety.** Created new attendance tracking requirement and revised language on "hazardous materials."
- 🔍 **Transparency.** Required parental information on radon testing, required notice of presences of animals and notification of injury, and added requirement for policy on social media and image sharing.
- ⊕ **Supportive Development.** Established stronger language on child behavior guidance and revised language around support for children with special needs.

Key changes – Child care centers

-   **Staff.** Reduced and simplified qualifications and reduced hours of annual in-service training.
-  **Activities and equipment.** Simplified and clarified language.
-   **Health.** Removed requirements to collect annual physicals and a child's dental provider information, reduced frequency of health consultant visits for programs serving infants, and clarified food allergy requirements.
-  **Outdoor play and fall zones.** Established fall zone safety requirements and expectations for daily outdoor activities.
-  **Facilities.** Established fire inspections every 5 years.

Key changes – Family child care

-   **Process.** Streamlined the number of license classes and moved variance approval to DCYF for consistency.
-  **Capacity.** Expanded capacity in several licensing classes.
-  **Activities.** Clarified rules around activities and equipment while maintaining flexibility.
-   **Training.** Reorganized training requirements to increase clarity, reduced number of continuing education hours, and added fire prevention training requirements every 5 years.
-  **Overnight care.** Added and clarified requirements.
-   **Transparency.** Required parental notification of the presence of firearms.

Potential Legislative Timeline

February 17– Legislative session begins

Legislature potentially considers proposed language

Legislature may modify proposal

Must pass before implementation planning can start



May 18 – Session ends

Final legislative action known

Department begins implementation planning



July 1, 2027 – Tentative effective date

Date recommended by DCYF – Legislature may change

Additional engagement and training will occur before effective date

Thank You