



November 2024 Forecast



Executive Summary and Trend Data

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Table of content

Executive summary.....	3
Minnesota Family Investment Program.....	5
Child Care Assistance.....	7
Northstar Care for Children	9
November 2024 forecast changes: In a nutshell.....	11
Contacts and additional resources.....	12

Executive summary

The Minnesota Department of Children, Youth, and Families (DCYF) prepares a forecast of its expenditures in major programs twice annually. Forecasted programs include the Minnesota Family Investment Program (MFIP), Child Care Assistance Program (CCAP) and NorthStar Care for Children. Projected expenditures for these programs are used in statewide budget forecasts that Minnesota Management and Budget releases in November and February each year. These forecasts are used to update fund balances and provide financial information to the Governor and the legislature as they work together to set budgets. Forecast changes within these DCYF programs are described in the pages that follow.

All November 2024 forecast highlights in this document represent changes from the End-of-Session 2024 forecast.

NOVEMBER 2024 FORECAST HIGHLIGHTS

General Fund (GF)

Changes from the End-of-Session 2024 forecast

- Decrease of \$90.2 million in 2024-2025 biennium (-17.8%)
- Decrease of \$168.5 million in 2026-2027 biennium (-19.3%)
- Overall decrease of \$258.7 million across the entire forecast horizon

Reasons: The November forecast produces General Fund reductions in both the 2024-2025 and 2026-2027 biennia. The primary driver of this forecast savings is caseload reductions in MFIP, CCAP, and NorthStar. The MFIP caseload reduction is based on lower-than-expected caseload in recent months. The CCAP caseload reduction is tied to the lower forecasted MFIP caseload while also reflecting lower-than-expected participation in the program in recent months. The Northstar caseload reduction is associated with lower-than-expected caseload in both Foster Care and Adoption Assistance. Together, these caseload adjustments result in state forecast reductions of \$84 million in the 2024-2025 biennium and \$189 million in the 2026-2027 biennium.

WHO IT SERVES

- Over 80,000 people a year are served through DCYF forecasted programs

HOW MUCH IT COSTS

- \$677 million total spending in DCYF forecasted programs
- \$173 million state spending in DCYF forecasted programs

Data for FY 2024

Summary of forecast changes

The following is a list of the large and/or noteworthy changes in this forecast. Further detail for each change can be found on the specific budget activity pages noted below.

Forecast Decreases:

- Caseload reductions in MFIP, CCAP, and Northstar

FY 2026 AND FY 2027 FORECASTED EXPENDITURES

Program	FY 2026		FY 2027	
	Total Dollars	State Share	Total Dollars	State Share
Minnesota Family Investment Program (MFIP) ¹	388,320,851	106,141,095	440,712,060	123,015,802
MFIP/TY Child Care Assistance	220,550,127	107,314,608	258,678,801	146,025,282
Northstar Care for Children	277,725,420	110,397,663	294,240,124	116,345,899
Total	886,596,398	323,853,366	993,630,986	385,386,984

¹ Includes cash and food assistance

Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) provides cash and food assistance for low-income families with children. MFIP operates as Minnesota’s federal Temporary Assistance for Needy Families (TANF) program. As such, MFIP cash assistance is funded with a mixture of federal TANF Block Grant and state General Fund dollars determined primarily by the federally mandated Maintenance of Effort (MOE) requirement for state spending on its TANF program.

WHO IT SERVES

- 62,100 average monthly recipients

HOW MUCH IT COSTS

- \$296 million total spending
- \$69 million state funds

NOVEMBER 2024 FORECAST HIGHLIGHTS

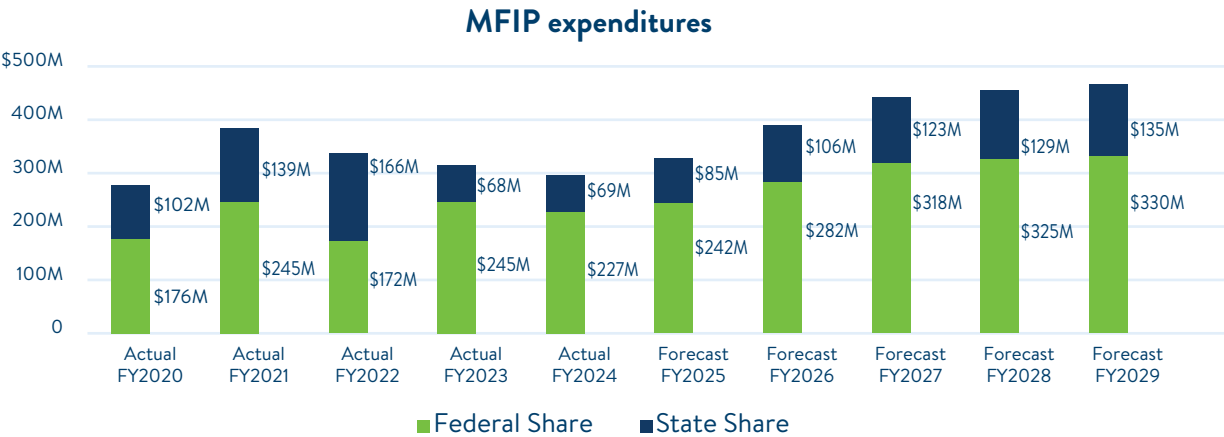
Data for FY 2024

General Fund

Changes from the End-of-Session 2024 forecast

- Decrease of \$15.4 million in 2024-2025 biennium (-9.3%)
- Decrease of \$1.0 million in 2026-2027 biennium (-0.4%)

Reasons: The November MFIP forecast produces General Fund savings in both biennia. These forecast changes are primarily driven by caseload reductions due to lower-than-expected caseload in recent months. Lower caseload results in state forecast savings of \$13 million in the 2024-2025 biennium and \$54 million in the 2026-2027 biennium. However, the projected forecast savings from reduced caseload are offset by increased average payments in the 2026-2027 biennium.



HISTORICAL TABLE

	Minnesota Family Investment Program (MFIP)	
FY	Total \$	% Change
2013	322,457,424	
2014	297,431,102	(7.76%)
2015	279,723,824	(5.95%)
2016	301,750,210	7.87%
2017	312,674,443	3.62%
2018	293,095,053	(6.26%)
2019	266,620,941	(9.03%)
2020	277,577,083	4.11%
2021	383,876,457	38.30%
2022	337,161,691	(12.17%)
2023	313,191,770	(7.11%)
2024	296,081,171	(5.46%)
2025*	327,732,395	10.69%
2026*	388,320,851	18.49%
2027*	440,712,060	13.49%
2028*	454,051,247	3.03%
2029*	465,021,658	2.42%
Avg. Annual Decrease 2013-2024		(0.77%)

*Projected

Child Care Assistance

This program provides child care assistance to MFIP families who are employed or are engaged in other work activities or education as part of their MFIP employment plan. This activity also provides transition year (TY) child care assistance for former MFIP families. As with the MFIP grant program, child care assistance is funded with a mixture of federal and state General Fund dollars. The federal child care funding comes from the Child Care Development Fund (CCDF). The forecast does not include the Basic Sliding Fee child care program.

WHO IT SERVES

MFIP/TY Child Care

- 4,900 average monthly families served

HOW MUCH IT COSTS

MFIP/TY Child Care

- \$131 million in total spending
- \$2 million state funds

NOVEMBER 2024 FORECAST HIGHLIGHTS

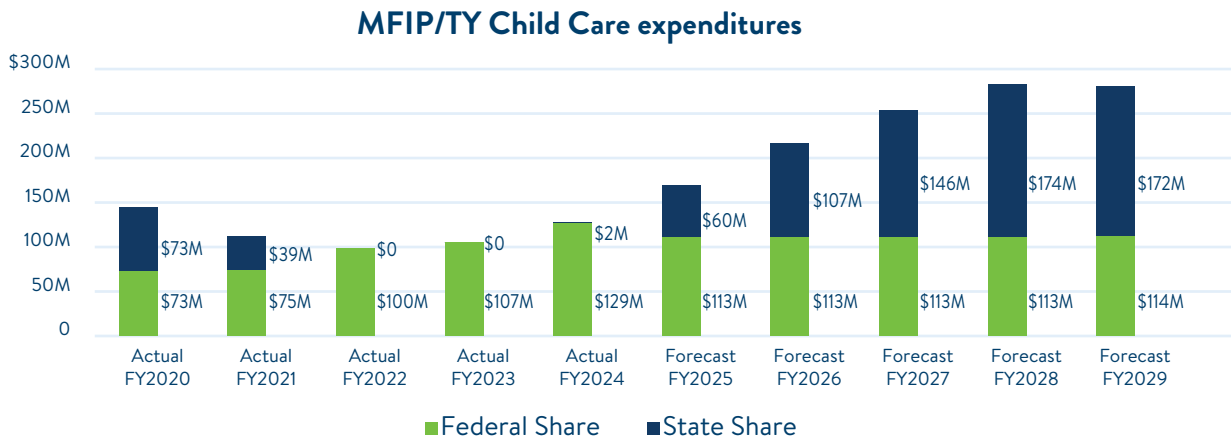
General Fund

Changes from the End-of-Session 2024 forecast

Data for FY 2024

- Decrease of \$57.8 million in 2024-2025 biennium (-48.2%)
- Decrease of \$146.9 million in 2026-2027 biennium (-36.7%)

Reasons: The November Child Care Assistance forecast produces state savings in both biennia. These forecast reductions are driven by lower caseload and lower average payments, with the caseload adjustments accounting for almost 85% of the overall program savings. The projected childcare caseload reduction is tied to lower MFIP caseload and lower participation in CCAP among MFIP recipients.



HISTORICAL TABLE

FY	MFIP/TY Child Care Assistance	
	Total \$	% Change
2013	118,035,920	
2014	128,982,296	9.27%
2015	141,994,040	10.09%
2016	150,602,122	6.06%
2017	161,122,098	6.99%
2018	165,175,205	2.52%
2019	157,475,004	(4.66%)
2020	146,909,847	(6.71%)
2021	114,044,955	(22.37%)
2022	99,960,837	(12.35%)
2023	106,611,175	6.65%
2024	130,866,816	22.75%
2025*	172,781,620	32.03%
2026*	220,550,127	27.65%
2027*	258,678,801	17.29%
2028*	287,712,557	11.22%
2029*	285,692,299	(0.70%)
Avg. Annual Increase 2013-2024		0.94%

*Projected

Northstar Care for Children

Northstar Care for Children is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Financial support is provided to adoptive and foster parents to encourage permanent placement of children in safe homes. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance and Adoption Assistance.

WHO IT SERVES

- 18,500 average monthly recipients

HOW MUCH IT COSTS

- \$250 million total spending
- \$102 million state funds

NOVEMBER 2024 FORECAST HIGHLIGHTS

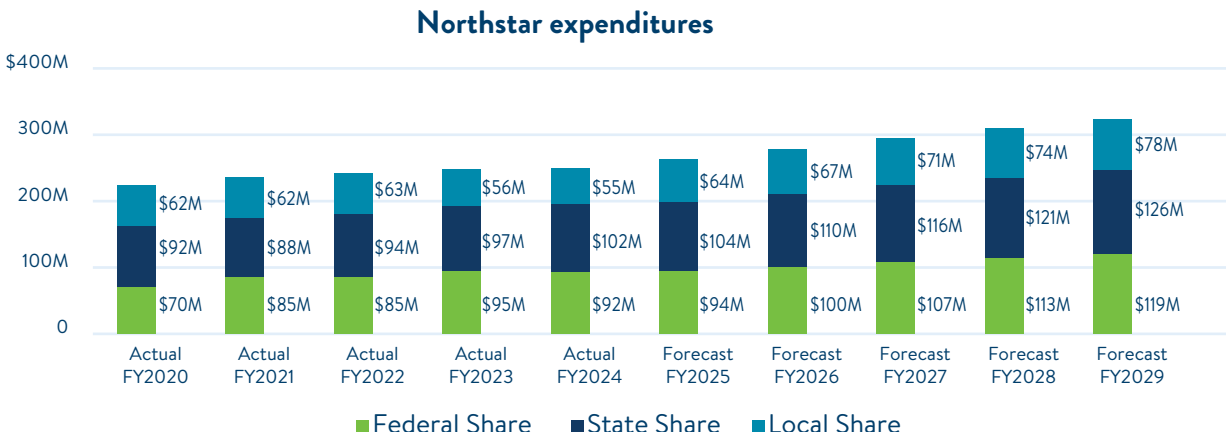
Data for FY 2024

General Fund

Changes from the End-of-Session 2024 forecast

- Decrease of \$17.1 million in 2024-2025 biennium (-7.6%)
- Decrease of \$20.6 million in 2026-2027 biennium (-8.3%)

Reasons: The November forecast for NorthStar Care produces General Fund savings in both biennia. The forecast reductions are primarily driven by lower-than-expected Foster Care and Adoption Assistance recipients. This lower caseload results in state forecast savings of \$16 million in the 2024-2025 biennium and \$19 million in the 2026-2027 biennium. Lower projected average payments for Adoption Assistance and Kinship Assistance accounts for the remaining state forecast savings in each biennium.



HISTORICAL TABLE

	Northstar Care for Children	
FY	Total \$	% Change
2016	\$132,201,226	
2017	155,510,705	17.63%
2018	187,750,651	20.73%
2019	211,165,176	12.47%
2020	223,705,208	5.94%
2021	235,489,829	5.27%
2022	242,150,792	2.83%
2023	247,940,229	2.39%
2024	249,773,507	0.74%
2025*	261,654,235	4.76%
2026*	277,725,420	6.14%
2027*	294,240,124	5.95%
2028*	308,408,928	4.82%
2029*	323,175,098	4.79%
Avg. Annual Increase 2016-2024		8.28%

**Projected*

The program began being forecasted in 2016.

November 2024 forecast changes: In a nutshell

<i>Millions of dollars</i>	2024-2025 Biennium	2026-2027 Biennium
General Fund Total Change	(90.2)	(168.5)
General Fund Percent Change	(17.8%)	(19.3%)
Detail Changes By Budget Activity		
Minnesota Family Investment Program	(15.4)	(1.0)
Caseload	(12.5)	(53.6)
Average payments	(1.1)	57.0
Other changes	(1.8)	(4.4)
Child Care Assistance	(57.8)	(146.9)
Caseload	(55.0)	(116.4)
Average payments	(18.6)	(31.6)
Other changes	15.7	1.1
Northstar Care for Children	(17.1)	(20.6)
Caseload	(16.1)	(18.8)
Other changes	(0.9)	(1.8)
TANF Total Change	0.8	0.3
TANF Percentage Change	0.4%	0.1%
Minnesota Family Investment Program	0.8	0.3

Note: Represents the change from the End-of-Session 2024 forecast.

Contacts and additional resources

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RESOURCES

Minnesota Department of Human Services Reports and Forecasts Division
<https://mn.gov/dhs/reports-and-forecasts/>

State of Minnesota forecast
<https://mn.gov/mmb/forecast/>