



Governor's FY 2026-27 Supplemental Budget

Minnesota Department of Children, Youth, and Families

April 1, 2026

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Supplemental Nutrition Assistance Program (SNAP): Addressing Federal Changes

The Governor recommends investing \$10.107 million in FY 2027 and \$194.122 million in FY 2028-29 from the general fund to address the new state share of SNAP benefit costs and enhance the oversight, training, and administration of SNAP. These efforts will be integral for state, county, and Tribal Nation partnership in increasing payment accuracy in SNAP and minimizing state fiscal obligations for SNAP benefits due to the new federal law, H.R. 1 (P.L. 119-21). Specifically, this recommendation:

1. Protects SNAP for Minnesotans by paying the federally required state share of benefits.

This investment pays the required state share (100 percent of non-federal costs) of SNAP benefits. H.R. 1 shifts a portion of SNAP benefit costs onto states based on state payment error rates (PER). The state share could be 5, 10, or 15 percent of a state's benefit costs when the PER exceeds 6, 8, or 10 percent, respectively. This recommendation assumes a state share of 10 percent of benefits beginning FFY28.

Cost: \$71.239 million in FY 2028 (three quarters of the FFY) and \$96.735 million in FY 2029.

2. Adds capacity to conduct real-time case reviews to prevent errors before they occur.

This investment would add staff to work with local agencies on implementation of real-time quality assurance case reviews, a fundamental component of an overall quality assurance system that the state is not currently resourced for. Real-time case reviews can be conducted prior to approval of benefits as a proactive strategy to prevent administrative errors and improve future performance.

Cost: \$1.782 million in FY 2027 and \$4.183 million in FY 2028-29. Supports 12 FTEs.

3. Strengthens training capacity and expands the certified train-the-trainer pilot statewide.

This investment would increase the state's capacity to train and guide county and Tribal staff through the complex array of federal policies that directly contribute to the SNAP payment error rate (PER). DCYF will increase the training available to newly hired county and Tribal Nation workers and offer new trainings and refresher courses for experienced workers to refine skills for greater eligibility determination accuracy. Enhanced training capacity will also allow the state to expand its certified train-the-trainer program, which has been successfully piloted to equip local agencies to provide their own trainings.

Cost: \$1.036 million in FY 2027 and \$2.432 million in FY 2028-29. Supports 7 FTEs.

4. Consolidates policy manuals and enhances search functionality.

This investment supports the purchase, implementation, and ongoing subscription costs for a consolidated policy and systems manual and IT tool that will enable an AI chatbot feature for eligibility workers to ask questions and receive Minnesota-specific policy answers. This investment consolidates thousands of pages of written instructions, manuals, and bulletins and enhances search functionality to decrease eligibility errors and improve application processing.

Cost: \$566,000 in FY 2027 and \$478,000 in FY 2028-29. Supports 1 FTE and subscription costs.

5. Develops a MAXIS integration layer to enable connections to modern applications and tools.

This investment supports infrastructure modernization for MAXIS, enabling integrations and systematic updates to the current data sharing and application tools. The integration layer will allow connections between MAXIS and modern applications, such as MNbenefits, and enable other enhancements such as a web-enabled user interface to update the system's antiquated user experience. Funding will also sustain and support a team focused on addressing MAXIS updates and backlogged projects.

Cost: \$2.163 million in FY 2027 and \$8.629 million in FY 2028-29. Supports 4 FTEs ongoing at DCYF and 9 FTEs at MNIT that will phase down to 3 FTEs between FY 2027 and FY 2029 (9 in FY27, 6 in FY28, 3 in FY29).

6. Expands income verification technology and creates a new secure applicant portal.

This investment sustains the state's contract for SNAP income verification services, allows MNIT to integrate an income verification tool into the MNbenefits application, and expands local agency access to unemployment insurance wage data to increase payment accuracy and reduce errors. This investment also creates a secure portal for public assistance applicants and participants. The portal will provide a location to communicate with eligibility workers, upload required documents for verification and answer sensitive questions. Secure applicant portals have been shown to reduce payment errors in other states.

Cost: \$2.497 million in FY 2027 and \$3.818 million in FY 2028-29. Supports 1 FTE.

7. Covers lost federal administrative reimbursement for state information technology systems.

This investment protects state information technology infrastructure, including MAXIS, from federal cuts to federal reimbursement levels for administering SNAP. Beginning October 1, 2026, H.R. 1 cuts the reimbursement rate that states receive for administering SNAP from 50 percent to 25 percent, including funding Minnesota relies on to support the technology used to administer and determine SNAP eligibility.

Cost: \$3.750 million in FY 2027 and \$10 million in FY 2028-29.

(See next page for fiscal detail)

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund				10,107	10,107	84,636	109,486	194,122
Total All Funds				10,107	10,107	84,636	109,486	194,122
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	15	SNAP oversight and admin (0,12,12,12)		1,782	1,782	2,092	2,092	4,183
General Fund	15	Training (0,7,7,7)		1,036	1,036	1,216	1,216	2,432
General Fund	15	Policy manual enhancements (0,1,1,1)		141	141	164	164	328
General Fund	11	Policy manual enhancements (systems @ 50% state share)		425	425	75	75	150
General Fund	15	MAXIS Infrastructure and Stability (0,4,4,4)		618	618	730	730	1,459
General Fund	11	MAXIS Infrastructure and Stability (0,9,6,3)		1,545	1,545	1,232	616	1,848
General Fund	11	Infrastructure Modernization - (MAXIS @ 66% state share)				2,775	2,547	5,322
General Fund	11	Income verification (systems @ 50% state share)		1,413	1,413	1,493	1,493	2,985
General Fund	11	Income verification policy support (0,1,1,1)		150	150	177	177	353
General Fund	11	Participant Portal - (systems @ 50% state share)		934	934	240	240	480
General Fund	26	SNAP Benefit Cost Share				71,239	96,735	167,974
General Fund	11	Administrative reimbursement for SNAP - IT & systems		3,750	3,750	5,000	5,000	10,000
General Fund	REV1	FFP @ 32%		(1,687)	(1,687)	(1,795)	(1,598)	(3,393)
Requested FTE's								
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
		DCYF FTEs	0	25	25	25	25	25
		MNIT FTEs	0	9	9	6	3	3

Child Care Assistance Program (CCAP) Program Integrity Updates

The Governor recommends \$3.324 million in FY 2027 and \$5.662 million in FY 2028-29 to strengthen program integrity in the Child Care Assistance Program (CCAP). This recommendation includes four components.

1. Increases investigative capacity.

This proposal funds six positions at the Department of Children, Youth, and Families (DCYF) to expand investigative capacity. This will allow DCYF to make more proactive and unannounced site visits to child care providers receiving CCAP by funding a second investigations team dedicated to CCAP investigations. The addition of this second team doubles DCYF's existing CCAP investigatory capacity.

Cost: \$894,000 in FY 2027 and \$2.050 million in FY 2028-29. Supports 6 FTEs.

2. Expands data analytics.

This proposal will expand data analytics capacity with four new positions and investments in information technology. Two positions will reside at DCYF to expand opportunities for data analysis within program areas. The other two positions will reside at MNIT and include one data engineer and one data architect to design and build new data pipelines allowing for existing and new sources of data to be analyzed. The proposal also includes funding for a case management system to allow for any DCYF investigations to be managed end-to-end in a single system. Collectively, these resources will expand opportunities for comparing data across programs such as tools such as predictive analysis and advanced modeling, and more effective investigation case management. This aligns with the Office of the Legislative Auditor's 2019 report that recommended a more proactive investigative approach to identify potential fraud before it occurs.

Cost: \$1.216 million in FY 2027 and \$1.727 million in FY 2028-29. Supports 3 FTEs.

3. Increases local agency capacity for program integrity investigations.

This proposal expands the capacity of local human services agencies to investigate fraud through Fraud Prevention Investigation (FPI) Grants. Minnesota is one of nine states where individual counties and Tribal nations have responsibility for the day-to-day activities associated with administering human service programs. County human services agencies and Tribal nations are eligible for FPI Grants that can be used to prevent, identify, and investigate fraud in public benefit programs. Counties investigate fraud in 11 public assistance programs administered by the Department of Human Services and DCYF. Currently 85 counties participate in the FPI program either as single-county or regional operations. This represents an approximately 35% increase in the grant funds available. Additionally, funding will support one new staff member to increase coordination and support for local agency grantees.

Cost: \$979,000 in FY 2027 and \$1.985 million in FY 2028-29. Supports 1 FTE.

4. Requires child care provider fraud prevention training.

This proposal requires fraud prevention training for child care providers registered to receive CCAP payments. Training is intended to enhance program compliance by training on attendance recordkeeping, proper billing, CCAP policy compliance, and the consequences of fraud. It would be required based upon the timing of significant program or policy changes projected to occur on a biennial basis. Training would be delivered in-person or via other platforms, tailored to the needs of various provider groups, and include live interaction. The proposal includes funding for two CCAP training policy specialists, information technology costs, and curriculum updates that will be used for implementation of the new training requirement. The new positions' duties would include developing and updating training content, including management of the translations needed, coordinating with other divisions to ensure program integrity and accountability content is included and up to date and delivered in the State's existing training system Develop. System changes are needed to ensure that the training can be delivered via the current platform of Develop and to track compliance with the training requirement in the Provider Hub.

Cost: \$815,000 in FY 2027 and \$1.716 million in FY 2028-29. Supports 2 FTEs.

(See next page for fiscal detail)

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund				3,324	3,324	2,776	2,887	5,662
Total All Funds				3,324	3,324	2,776	2,887	5,662
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	11	Data analysis expansion - MNIT data personnel FTEs (0,0.75,1,1) (MNIT @ 50% state share)		172	172	205	205	410
General Fund	11	Data analysis expansion – OIG data personnel FTE (0,0.75,1,1)		147	147	172	172	344
General Fund	13	Data analysis expansion – Early Childhood data personnel FTE (0,0.75,1,1)		147	147	172	172	344
General Fund	11	Data analysis update – existing (systems @ 50% state share)		100	100	18	18	36
General Fund	11	Data analysis expansion - new (systems @ 50% state share)		650	650	296	297	593
General Fund	11	Training - MEC2 costs @ 66% state share		266	266	53	53	107
General Fund	11	Training - Salesforce costs (systems @ 50% state share)		84	84	100	100	200
General Fund	11	Investigative capacity expansion - investigators & supervisors FTEs (0,4.5,6,6)		747	747	878	878	1,756
General Fund	11	Investigative capacity expansion - travel, equipment, etc.		147	147	147	147	294
General Fund	11	Fraud prevention investigation expansion - supervisor FTE (0,0.75,1,1)		160	160	190	190	380
General Fund	13	CCAP program integrity training enhancement - FTEs (01.5,2,2)		294	294	344	344	688
General Fund	13	CCAP program integrity training enhancement - training development		171	171	10	171	181
General Fund	41	Fraud prevention investigation expansion - grant increase		819	819	803	803	1,606
General Fund	REV1	FFP (32%)		(580)	(580)	(612)	(664)	(1,276)
Requested FTE's								
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
		DCYF FTEs	0	9	9	12	12	12

Technical Funding Adjustments

The Governor recommends technical changes at the Department of Education and the Department of Human Services to fully align funding sources with legislative intent during the establishment of the Department of Children, Youth and Families. Changes include: shifting funds from the Department of Human Services to the Minnesota food shelf program at the Department of Children, Youth, and Families; updating statute to clarify that administration of child protection grants from the opioid epidemic response fund is a responsibility of the Department of Children, Youth, and Families; separating preschool assessment funding from kindergarten assessment funding at the Department of Education; and extending the availability of funding for the phase-in of the Minnesota African American Family Preservation and Child Welfare Disproportionality Act (MAAFPCWDA).

Cost: \$2.868 million in FY 2026-27 and \$2.868 million in FY 2028-29. Net cost is zero as there are reciprocal savings at other agencies.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund			1,113	1,113	2,226	1,113	1,113	2,226
Opioid Epidemic Response Fund (2005)			321	321	642	321	321	642
Total All Funds			1,434	1,434	2,868	1,434	1,434	2,868
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	47	MN Food Shelf Program	832	832	1,664	832	832	1,664
General Fund	13	DCYF Preschool assessment	281	281	562	281	281	562
OERF (2005)	12	DCYF OERF Administrative Funding	321	321	642	321	321	642
Requested FTE's								
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
			0	0	0	0	0	0

Addressing Legacy Systems: Phased Roadmap to Modernized Eligibility

The Governor recommends \$28.340 million in FY 2026-27 and \$7.761 million in FY 2028-29 to address legacy IT systems used by county and Tribal workers across human services programs. This investment will address MAXIS inefficiencies through incremental modernization and fund a comprehensive study to establish a phased roadmap for modernized program application and eligibility technology that achieves a cross-agency, universal eligibility determination capability for human services programs. Funding will also increase staff capacity across DCYF, DHS, and MNIT to provide coordination, strategic planning, and leadership for cross-agency systems modernization work. Specifically, this recommendation:

1. Addresses MAXIS inefficiencies by creating a bridge to system modernization.

Funding will support a phased execution of system enhancements aimed at easing the worker experience, improving usability, and moving toward a modernized platform for eligibility determination and casework. This investment could support several incremental MAXIS improvement efforts, including:

- **A web interface overlaying the MAXIS green screens.** With investment in the MAXIS integration layer, there will be tools available to MNIT to move the worker experience in MAXIS into a web-based user interface, providing point and click navigation and easing the current worker experience. In the near term, investment in this overlay would help improve MAXIS usability along with worker retention, onboarding, and training.
- **A new MAXIS rules engine.** With investment in the MAXIS integration layer, a new stand-alone rules engine could be added and would be a first phase toward universal eligibility and enrollment capabilities through a highly sophisticated policy application. This recommendation for a stand-alone, integrated rules engine allows for tighter, quicker flags and checks on eligibility determinations, supporting ongoing program integrity efforts, and payment accuracy. This investment also compliments and accelerates the centralized policy manual in the SNAP federal changes recommendation. The centralized policy manual brings clear, searchable information to the worker. An accurate, back-end rules engine applying the correct eligibility determination eliminates manual workarounds for the worker and reduces errors.
- **Initial development of a new worker portal to improve case management.** Replacing MAXIS as a case management tool with a robust, modern worker portal will dramatically accelerate modernization and the transition to a universal eligibility and enrollment system. The options to preview a document, send a message to a client, re-assign the case and dynamically add in case notes are currently out of reach for eligibility workers across the state. This functionality would bring clarity, usability, and sustainability to the tasks required for ongoing administration of benefits and improve eligibility determinations and recertifications. Combined with the applicant secure portal in the SNAP federal changes recommendation, this funding supports a human-centered approach to program administration. This investment could support initial development, but ongoing funding would be needed to sustain this work once initial development occurs.

Cost: \$25 million in FY 2027 and \$5 million in FY 2028-29.

2. Funds a comprehensive study to establish a phased roadmap for modern, universal, cross-agency eligibility determination capability across human services programs.

The human services system has long suffered from separate, aging legacy technology systems with limited levels of interoperability and data sharing capabilities. Separate legacy eligibility systems for health care, cash and food assistance, child support, and child care create inefficiencies and complexities for workers and participants. This investment will support a study and phased roadmap aimed at improving service delivery through technology modernization and alignment of technology systems. The study will build on current and past modernization efforts and include feedback from counties, Tribal Nations, and individuals with lived experience participating in human services programs and using state technology systems. The study and roadmap, along with cost estimates for implementation, will be submitted to the legislature.

Cost: \$2.650 million in FY 2027 and \$0 for FY 2028-29.

3. Funds positions across DCYF, MNIT, and DHS to sustain cross-agency modernization work.

Four staff positions at DCYF will support modernization efforts and cross-agency coordination, with a specific focus on MAXIS. DCYF positions supported by this investment will provide strategic direction, coordinate engagement and communication with counties and Tribal Nations, and documentation of business processes and program improvements.

Four staff positions at MNIT will coordinate and align the various modernization work across agencies, focused on sustaining MNIT resources and support for modernized systems. MNIT positions supported by this investment could include a modernization director to manage vendors and deliverables; a senior writer and analyst to perform systems, vendor, and market analysis and build technical documentation and reports; and an enterprise architect to lead technical direction and alignment with vendor architects and manage coordination with architects across agencies.

Four staff positions at DHS will support cross-agency coordination and modernization efforts across DHS and DCYF legacy systems.

Cost: \$1 million in FY 2027 and \$4.1 million in FY 2028-29. 12 FTEs across DCYF, MNIT, and DHS.

(See next page for fiscal detail)

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund				28,340	28,340	3,880	3,880	7,761
Federal TANF								
Other Fund								
Total All Funds				28,340	28,340	3,880	3,880	7,761
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	11	MAXIS Modernization Funds (MAXIS @ 66% state share)		25,000	25,000	2,500	2,500	5,000
General Fund	11	Legacy Systems Modernization Study (MAXIS @ 66% state share)		2,650	2,650			
General Fund	11	DCYF staff (0,4,4,4)		653	653	1,306	1,306	2,612
General Fund	11	DHS staff (0,4,4,4)		362	362	724	724	1,448
General Fund	REV1	FFP @ 32%		(325)	(325)	(650)	(650)	(1,299)
Requested FTE's								
Fund	BACT#	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	11	DCYF staff (0,3,4,4)		3	3	4	4	4
General Fund	11	MNIT @ DCYF Staff (0,3,4,4)		3	4	4	4	4
General Fund	11	DHS staff (0,4,4,4)		4	4	4	4	4

State Office of Inspector General Established

The Governor recommends investing \$465,000 in FY 2027 and \$1.239 million in FY 2028-29 to establish the State Office of Inspector General to investigate and prevent fraud and misuse of public funds across state programs. Responsibilities of this office would include: (1) conduct, review and oversee investigations; (2) consult on the selection of and establish standards for the work of agency Inspector Generals; and (3) lead improved data sharing between agencies for improved detection and alerting of potentially fraudulent actors in programs that cross agency boundaries. The Department of Children, Youth, and Families (DCYF) would retain current program integrity responsibilities and will act on issues identified by the State Office of Inspector General (OIG).

Establishes a dedicated program integrity team to support statewide efforts.

This proposal funds five staff at DCYF to work in coordination with the State Office of Inspector General. Positions are needed to facilitate data requests, data transfer, and investigatory collaboration with the State Office of Inspector General.

Cost: \$683,000 in FY 2027 and \$1.82 million in FY 2028-29 (DCYF costs only). Supports 5 FTE.

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund				465	465	620	620	1,239
Total All Funds				465	465	620	620	1,239
Fund	BACT#	Description		FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	11	MNIT data analyst FTE (0,0.75,1,1)		152	152	205	205	411
General Fund	11	Data analyst FTEs (0,2.25,3,3)		389	389	516	516	1,032
General Fund	11	Data manager FTE (0,0.75,1,1)		142	142	190	190	379
General Fund	REV1	FFP @ 32%		(219)	(219)	(292)	(292)	(583)
Requested FTE's								
Fund	BACT#	Description	FY26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund		DCYF FTEs		3.75	3.75	5	5	5

Human Services Redesign

The Governor recommends investing \$2.246 million in FY 2027 and \$1.296 million in FY 2028-29 for transforming the administration of Minnesota’s human services system to streamline program operations and improve consistency and access to care statewide. The larger Human Services Redesign proposal includes changes to the Medicaid program and MnCHOICES at the Department of Human Services (DHS). It also funds a study to assess state and county roles for administering human services programs. One provision in that proposal relates to the Department of Children, Youth, and Families (DCYF):

Funds a study to review programs operated by DCYF.

\$2.5 million is dedicated to conduct a study that assesses state and county roles for administering economic assistance and food support, child support, and child care programs, as well as provider licensing and fraud investigations functions. The study will:

- Identify and assess the current roles and responsibilities held by counties and the State for oversight and administration of these functions
- Evaluate impacts on efficiencies, effectiveness, and outcomes associated with county-administered and state-administered models
- Estimate current costs for county administered functions and the fiscal impact of moving to a state-administered system
- Analyze current financing models and resources that support county-administered human services and the impact of shifting them to support a state administered models
- Assess policy, legal, operational, IT, human resource, and other changes needed to shift county administered functions to the state

Additionally, this proposal funds three staff to serve as subject matter experts to support the study’s review of DCYF programs. Two additional staff would serve as experts on the financial and legal implications of various administration models. All staff will ensure that federal and state legal requirements and processes are fully considered in the outcome of the study.

Cost: \$2.246 million in FY2027 and \$1.296 million in FY2028-29. Supports 5 FTE.

(See next page for fiscal detail)

Fiscal Detail:

Net Impact by Fund (dollars in thousands)			FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund				2,246	2,246	648	648	1,296
Total All Funds				2,246	2,246	648	648	1,296
Fund	BACT	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	11	Policy analysts for impacted areas (0,5,5,5)		804	804	953	953	1,906
General Fund	11	Study to analyze governance roles for DCYF programs		2,500	2,500			
General Fund	REV1	FFP @ 32%		(1,057)	(1,057)	(305)	(305)	(610)
Requested FTE's								
Fund	BACT	Description	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
General Fund	11	DCYF staff		5	5	5	5	5