



September 30, 2022

Sen. Paul Utke
3403 Minnesota Senate Building
St. Paul, MN 55155

Rep. Tina Liebling
477 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Sen. Melissa Wiklund
2227 Minnesota Senate Building
St. Paul, MN 55155

Rep. Joe Schomacker
209 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Sen. Jim Abeler
3215 Minnesota Senate Building
St. Paul, MN 55155

Rep. Jennifer Schultz
473 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Sen. John Hoffman
2235 Minnesota Senate Building
St. Paul, MN 55155

Dear Chairs and Leads of the Health and Human Services Committees,

A provision in Laws 2009, Chapter 79, Article 13, Section 3, Subdivision 10 requires the Department of Human Services' Direct Care and Treatment (DCT) Administration to provide census data and fiscal projections for the Forensic Services (formally known as the Minnesota Security Hospital) and the Minnesota Sex Offender Program at the time of the November and February budget forecasts. Accordingly, I am writing to provide the required information. This letter was originally scheduled to be sent on March 14, 2022, but was not due to staff error identified today. I apologize for the oversight.

The information contained below was prepared in response to the February budget forecast.

The Forensic Services operates on a fixed legislative appropriation. The appropriation listed in Table 1 (below) provides funding for the entire Forensic Services, including secure beds (mental health), non-secure beds (transitions), and nursing home beds. However, the forecasted population growth is based on the secure Forensic Mental Health beds only.

Table 1: Forensic Services

Date	Total Census	Fiscal Year Appropriations (dollars in thousands)	Fiscal Year Expenditures (dollars in thousands)
June 30, 2021 (actual)	276	\$115,342	\$117,013
June 30, 2022 (projected)	271	\$119,206	\$118,500

June 30, 2023 (projected)	269	\$124,415	\$124,415
June 30, 2024 (projected)	270	\$124,415	\$124,415
June 30, 2025 (projected)	270	\$124,415	\$124,415

Actual MSH census immediately climbed above the forecast due to the new construction in November 2021. While the actual MSH census peaked at 295 patients (21 patients over forecast) in January 2021, it had dropped back to 271 patients by July due to some further construction and shifting of beds. From this new base of 271 patients, the forecast now projects the MSH census to fluctuate within a range of 267 to 271 patients through June 2025. This is about 95% capacity of the total of 285 MSH beds following the recent construction.

Table 2 (below) provides the actual census and projections for the Minnesota Sex Offender Program (MSOP). Like Forensic Services, MSOP operates on a fixed legislative appropriation. The appropriations listed include funding for the entire sex offender program, including funding to supervise clients living in the community who have been provisionally discharged from MSOP (35 as of February 24, 2022). However, the forecasted population growth is for the secure treatment beds at Moose Lake and St. Peter and Community Preparation Services (CPS) at St. Peter.

Table 2: Minnesota Sex Offender Program (MSOP)

Date	Total Census	Fiscal Year Appropriations (dollars in thousands)	Fiscal Year Expenditures (dollars in thousands)
June 30, 2021 (actual)	743	\$97,621	\$97,360
June 30, 2022 (projected)	742	\$97,585	\$96,913
June 30, 2023 (projected)	744	\$101,672	\$101,672
June 30, 2024 (projected)	751	\$101,672	\$101,672
June 30, 2025 (projected)	760	\$101,672	\$101,672

MSOP actual census jumped above the forecast beginning January 2021 and has remained there ever since. The biggest difference occurred in July when the census peaked at 745 patients and was 10 patients above forecast. By the end of December actual census had fallen to 742 patients, 7 patients above the prior forecast. The new forecast projects off this higher base. However, the number of Department of Corrections (DOC) sex offender releases is significantly down again in 2021 which continues suppress both the short and long-term trend in the census forecast. Further, the relationship between DOC sex offender releases and net MSOP admits is also down again in 2021, which further flattens the current and future trend. As a result, the increased census is expected to persist above the previous forecast into early 2023. At this point, the flatter trend (due primarily to lower DOC sex offender releases) results in the current projections crossing below the prior forecast. By June 2025, the new forecast projects the MSOP census at 760 patients (a reduction of 5 patients relative to the previous forecast).

Direct Care and Treatment received Federal COVID Relief Funding in FY2020 and FY2021 to off-set budget shortfall across DCT for the FY20-21 biennium – some of which was used within Forensic Services and MSOP.

Please contact Carrie Briones, Legislative Director for Direct Care and Treatment, at 651.431.3783 if you have any questions, or need further information, about the information in this letter.

Sincerely,



Marshall E. Smith, MHA, FACHE
Health Systems Chief Executive Officer
Direct Care and Treatment

cc: Dennis Albrecht, Senate Counsel Research and Fiscal Analysis
Doug Berg, House Fiscal Analysis
Josh Reisen, Minnesota Management and Budget
Lynn Glancey, Department of Human Services
Elyse Bailey, Department of Human Services
Matt Burdick, Department of Human Services