



February 2025 Forecast



Executive Summary and Trend Data

Prepared by Reports and Forecasts Division
Eric Horent, Director

March 6, 2025

Table of content

Executive summary.....	3
Minnesota Family Investment Program.....	5
Child Care Assistance.....	7
Northstar Care for Children.....	9
February 2025 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 February 2025 forecast highlights in this document represent changes from the November 2024 forecast.

FEBRUARY 2025 FORECAST HIGHLIGHTS

General Fund (GF)

Changes from the November 2024 forecast

- Decrease of \$5.7 million in 2024-2025 biennium (-1.4%)
- Decrease of \$16.3 million in 2026-2027 biennium (-2.3%)
- No change in 2028-2029 biennium (+0.0%)
- Overall decrease of \$22 million across the entire forecast horizon (2.0%)

Reasons: The February forecast produces a \$22 million General Fund decrease across the entire forecast horizon, which represents a 2.0% change. This forecast change is primarily the result of a decrease in CCAP caseload. The caseload reductions in CCAP reflects lower-than-expected participation among MFIP recipients.

The February forecast also produce small reductions in projected MFIP and Northstar Care spending. The MFIP reduction is based on greater reliance on federal funds to fund the program. The Northstar Care reduction represents base adjustments made in response to slightly lower-than-expected Foster Care and Adoption Assistance recipients in recent months.

Together, the caseload adjustments result in General Fund forecast decreases of \$5.7 million in the 2024-2025 biennium and \$16.3 million in the 2026-2027 biennium.

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:

- CCAP caseload reductions

Forecast Increases:

- None

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

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	390,921,173	105,768,259	444,755,791	122,927,031
MFIP/TY Child Care Assistance	213,479,188	100,243,669	249,986,334	137,332,815
Northstar Care for Children	277,102,889	110,213,939	294,104,041	116,159,667
Total	881,503,250	316,225,867	988,846,166	376,419,512

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

FEBRUARY 2025 FORECAST HIGHLIGHTS

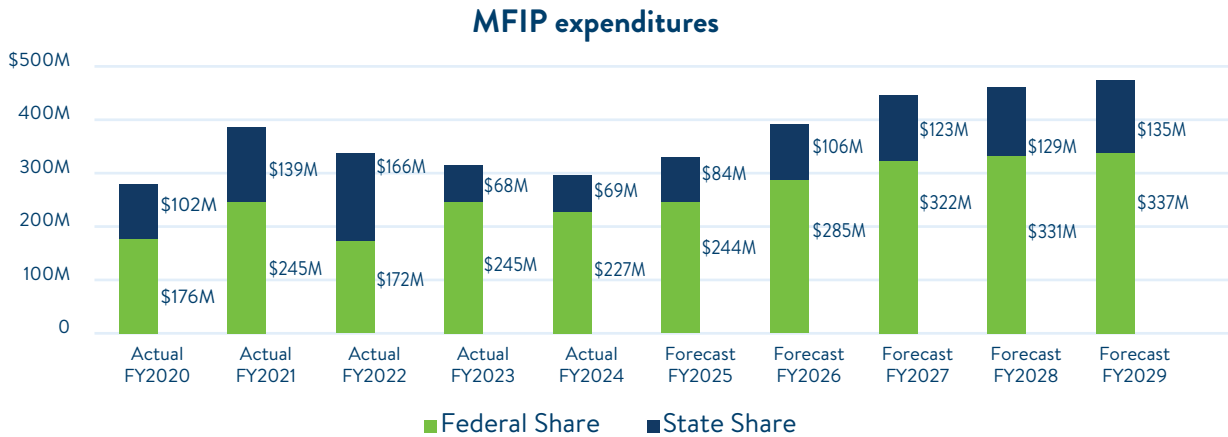
Data for FY 2024

General Fund

Changes from the November 2024 forecast

- Decrease of \$0.7 million in 2024-2025 biennium (-0.5%)
- Decrease of \$0.2 million in 2026-2027 biennium (-0.1%)
- Increase of \$2.0 million in 2028-2029 biennium (+1.1%)

Reasons: The February MFIP forecast produces small General Fund savings in both the 2024-2025 and 2026-2027 biennia. These forecast changes are primarily driven by greater reliance on federal funds to fund the program relative to the November forecast.



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*	328,282,799	10.88%
2026*	390,921,173	19.08%
2027*	444,755,791	13.77%
2028*	459,830,950	3.39%
2029*	472,358,464	2.72%
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

FEBRUARY 2025 FORECAST HIGHLIGHTS

General Fund

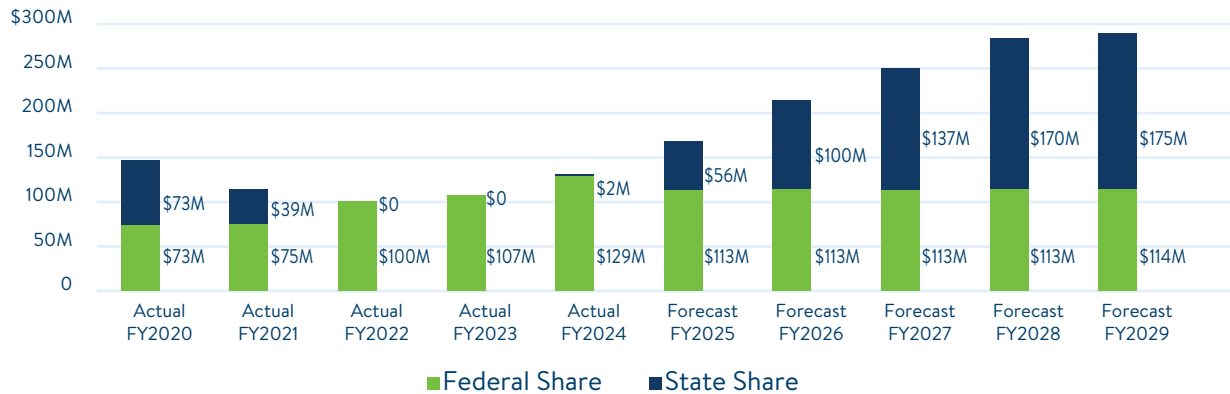
Changes from the November 2024 forecast

Data for FY 2024

- Decrease of \$4.4 million in 2024-2025 biennium (-7.1%)
- Decrease of \$15.8 million in 2026-2027 biennium (-6.2%)
- Decrease of \$1.3 million in 2028-2029 biennium (-1.7%)

Reasons: The February Child Care Assistance forecast produces state savings in the 2024-2025 and 2026-2027 biennia. These forecast reductions are primarily driven by lower caseload. This projected childcare caseload reduction is tied to the lower participation in the program among MFIP recipients in recent months.

MFIP/TY Child Care expenditures



HISTORICAL TABLE

MFIP/TY Child Care Assistance		
FY	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*	168,363,230	28.65%
2026*	213,479,188	26.80%
2027*	249,986,334	17.10%
2028*	283,072,021	13.23%
2029*	289,052,524	2.11%
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

FEBRUARY 2025 FORECAST HIGHLIGHTS

Data for FY 2024

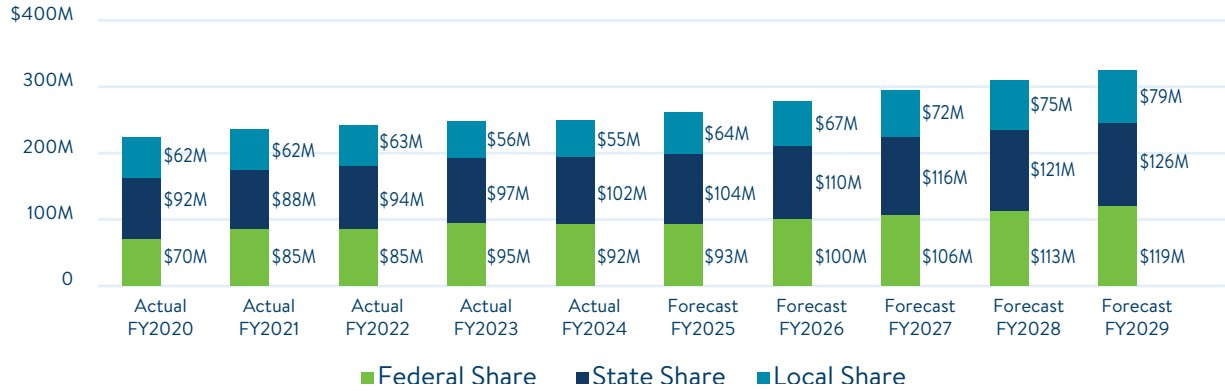
General Fund

Changes from the November 2024 forecast

- Decrease of \$0.5 million in 2024-2025 biennium (-0.5%)
- Decrease of \$0.4 million in 2026-2027 biennium (-0.2%)
- Decrease of \$0.4 million in 2028-2029 biennium (-0.2%)

Reasons: The February forecast for NorthStar Care produces small General Fund savings in the 2024-2025 and 2026-2027 biennia. The forecast reductions are the result of lower-than-expected Foster Care and Adoption Assistance caseload, which is partially offset by an increase in projected Kinship Assistance recipients.

Northstar expenditures



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*	260,245,336	4.19%
2026*	277,102,889	6.48%
2027*	294,104,041	6.14%
2028*	308,759,292	4.98%
2029*	323,511,910	4.78%
Avg. Annual Increase 2016-2024		8.28%

**Projected*

The program began being forecasted in 2016.

February 2025 forecast changes: In a nutshell

<i>Millions of dollars</i>	2024-2025 Biennium	2026-2027 Biennium	2028-2029 Biennium
General Fund Total Change	(5.7)	(16.3)	0.0
General Fund Percent Change	(1.4%)	(2.3%)	0.0%
Detail Changes By Budget Activity			
Minnesota Family Investment Program	(0.7)	(0.2)	2.0
State funding adjustment	(0.9)	(0.5)	1.1
Other changes	0.2	0.3	0.8
Child Care Assistance	(4.4)	(15.8)	(1.3)
Lower caseload	(4.3)	(18.1)	(1.7)
Other changes	(0.2)	2.4	0.4
Northstar Care for Children	(0.5)	(0.4)	(0.4)
TANF Total Change	0.8	0.3	6.3
TANF Percentage Change	0.4%	0.1%	
Minnesota Family Investment Program	0.8	0.3	6.3

Note: Represents the change from the November 2024 forecast.

Contacts and additional resources

Ashley Reisenauer Chief Financial Officer
Minnesota Department of Children, Youth, and Families
651-539-7702
ashley.reisenauer@state.mn.us

Eric Horent Director, Reports and Forecasts Division
Minnesota Department of Children, Youth, and Families
651-539-8378
eric.horent@state.mn.us

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/>