



MINNESOTA  
INTER-COUNTY ASSOCIATION

2026

Legislative Priorities



# 2026 Policy Priorities



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# TAX & FISCAL POLICY PRIORITIES

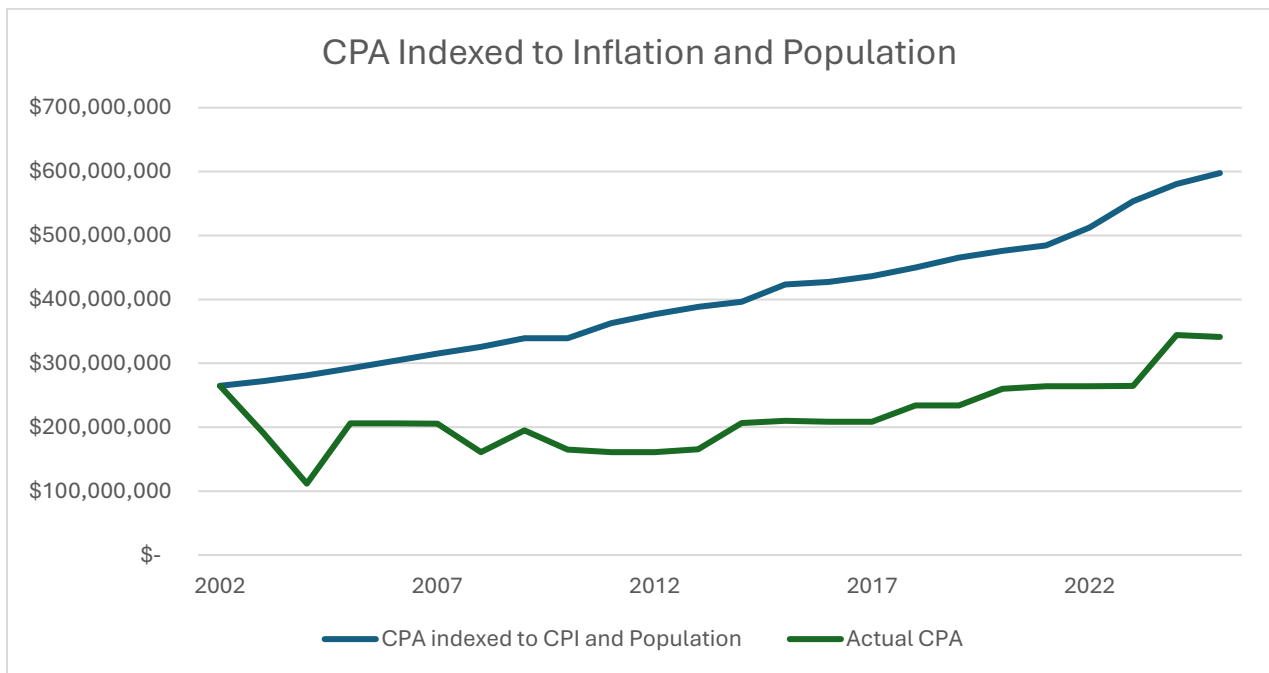
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## Increase County Program Aid (CPA) Appropriation Annually to Account for Inflation

***MICA urges the 2026 legislature to maintain the current CPA formula and increase the appropriation annually to account for inflation.***

In 2023, the legislature took significant action toward restoring CPA appropriations that had diminished in value over the twenty years since the aid program was established, replacing multiple predecessor programs. As illustrated, the 2023 legislature increased aid by \$80 million, from \$264 to \$344 million annually.



As also reflected in the chart, CPA payable in 2026 would total nearly \$600 million had the original CPA appropriation been annually adjusted. In the absence of annual aid adjustments, allocations for individual counties become more volatile from year to year. For example, 70 counties are certified to receive less aid in 2026 than the county received in 2025.

General-purpose state aid like CPA provides essential, flexible funding to help moderate property tax levies by offsetting some costs counties incur to administer state programs. Those costs rise over time including for technology, cybersecurity, financial and program administration, and required new employment benefits.

**MICA supports maintaining the current CPA formula and annually adjusting the total appropriation level to reflect annual cost pressures, such as the annual adjustments required by law prior to 2004 and population growth.**



## Oppose new cost shifts and help address recent unfunded federal mandates

***MICA urges the legislature to refrain from imposing any future cost shifts and address recent federal cost shifts placed on Minnesota counties.***

Opposing any new cost shifts and providing assistance to address new unfunded federal mandates In 2025 with the state experiencing only a short term surplus paired with a structural deficit in future years, significant cost shifts were proposed by the Governor and both chambers of the legislature. After the legislative session in Minnesota ended, the federal government passed HR1, which significantly shifted costs to counties and the state while also imposing new mandates for counties in Minnesota to fulfill without any new funding.

The federal law changes include reductions in federal reimbursements to SNAP for both the benefit and administrative costs (for which counties administer), unfunded mandates to implement and enforce new work requirements for both SNAP and Medicaid, and more frequent redeterminations of Medicaid eligibility. These cost shifts will be felt most acutely over the long term in the fastest growing areas of the state, most often MICA counties. 16 of MICA's 17 member counties experienced above average growth in the number of families receiving monthly SNAP benefits from 2021 to 2023. The impact on counties and the higher property taxes that will result from these federal law changes are severe, so it is imperative that the Minnesota legislature help address these new cost burdens and ensure that no new ones are created. These shifts are coming at a time when labor, construction, and other cost pressures that counties do not have control over are already causing significant property tax increases. County property tax levies have grown at an increasingly high rate every year since 2021. With these new federal requirements in place that trend will likely continue.

Spending continues to exceed revenues in the state general fund and county officials are mindful of the need for Minnesota to pass a balanced budget. But when these cost shifts go into law, they are layered on top of previous cost shifts. They typically remain long after the state solves the structural budget issues and goes back to experiencing surpluses. Even when the state was experiencing historical surpluses in 2022-2023, cost shifts that were placed on counties in 2011 and prior to address previous deficits persisted in law unchanged.

The state should take into careful consideration whether local property taxes is how it wants these costs to be borne. Data shows that the property tax is the most unpopular tax<sup>1</sup> due in part to it being paid in lump sums and being based on value rather than the ability to pay the way that sales and income taxes are. In Minnesota taxpayers are even more sensitive to it, due to all the requirements, notices, publications, and comparison data that counties are required to send to taxpayers. And when property taxes increase to address these cost shifts, that means that other programs that that serve essential needs go underfunded.

**MICA supports the state helping alleviate new cost shifts placed onto counties and ensure that no new cost shifts are imposed.** Doing so will help ensure that any property tax increases serve essential needs at the county level rather than just paying for unfunded mandates from the federal and state level.

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<sup>1</sup> National Conference of State Legislatures, "The Most Hated Tax – And What States Are Doing About It" (last updated July 24, 2023)



## Increase State Election Aid

***MICA supports increasing state aid to counties to help offset growing state and federal election administration costs.***

MICA appreciates the actions taken in 2023 to establish an ongoing state elections aid (the Voting Operations, Technology, and Election Resources (VOTER) Account established in Minn. Stats. 5.305), as well as the efforts in 2024 to further streamline and modestly increase state funding. The aid is designed to help offset the locally incurred costs to administer state and federal elections. However, the 2023 funding, for example, is estimated to cover only about 5 - 10% of the costs actually incurred by counties. Additionally, these costs continue to increase as election work has expanded beyond the every-other-year general election cycle, and as the elections process is subjected to increased scrutiny.

State and federal election costs incurred by counties include both periodic and ongoing infrastructure costs to administer the regular schedule of biennial primary and general elections. MICA supports increased state funding to offset:

- Rising costs related to law changes and process requirements to implement the state and federal primary and general elections, such as:
  - early voting administration necessitating consistent staffing levels to accommodate what closely resembles the election day voting experience in the days prior to Election Day,
  - expanded weekend early voting access,
  - expanded health care facility outreach,
  - testing and training requirements,
  - increasing infrastructure and security costs, and
  - costs due to intersections with other new laws, such as earned sick and safe time costs for temporary election judges during the 46-day voting period.
- Ensuring counties have adequate funding by providing increased, ongoing election aid and supports uniform statewide technology, expertise, and practices to help ensure Minnesota remains a national leader at administering safe and secure elections, without funding of those costs falling disproportionately upon property tax levy.

### Presidential Primary Costs

MICA also supports 100% full-funding for the local costs incurred to administer the every-four years Presidential Nomination Primary.

## Enact a Refund Exemption for All Sales Tax Paid on Construction Materials Used by Local Governments

***MICA supports simplification of the sales tax exemption for construction materials to allow for a full refund of all sales tax paid on construction materials used by a local government for local projects.***

Currently, to receive a sales tax exemption for construction materials, counties must execute separate contracts for direct purchase of project materials. Among other challenges, direct purchase shifts the



responsibility for storage of and liability for materials from the contractor to county taxpayers. This complexity makes use of the exemption impractical.

In lieu of a general change, the complexity has led to a steady stream of special refund exemptions for individual local projects resulting in winners and losers statewide. For example, the 2023 omnibus tax bill included twenty-one such special law refund exemptions but no statewide general law refund exemption. Continued barriers to claiming the exemption drive up the cost of local infrastructure projects by effectively requiring the collection of local tax to pay state sales tax. Further, the current pursuit of special law exemptions for some projects results in inequitable sales tax treatment across local governments.

The exemption should be changed to a refund of the sales tax imposed on the initial purchase of the materials thereby relieving local governments from having to execute separate contracts and keeping liability with the contractor for the materials' performance and suitability. MICA urges the 2026 legislature to fully implement a refund for all sales tax paid on construction materials for local projects, thereby giving all local projects equitable tax-exempt treatment.

## Fund County Clean-up Costs of Tax Forfeited Properties and Adjust Related 2024 Policy Reforms

***MICA urges the 2025 legislature to provide one-time and ongoing funding to fund the significant costs counties incur to return contaminated, dilapidated, and/or abandoned properties to productive use, and supports modest adjustments to policy reforms enacted in 2024 to help ensure state property tax forfeiture laws meet policy objectives.***

MICA appreciates the work of bill authors and the strong bipartisan support for legislation enacted in 2024 to respond to the United States Supreme Court's decision in *Tyler v. Hennepin County* that ruled Minnesota's law, in part, violated the Takings Clause of the Fifth Amendment. Counties particularly appreciate the unanimous support to appropriate \$109 million to settle case claims.

As highlighted throughout discussion of the 2024 legislation, many properties that result in property forfeiture for non-payment of property tax are in very poor condition, often requiring significant debris removal, repair, demolition or contamination clean-up before a third party is willing to purchase the property. For example, St. Louis County incurred nearly \$500,000 in clean-up costs for a single property in Biwabik forfeit in 2019. However, the 2024 legislative actions did not include a solution for funding these significant unexpected, unbudgeted costs incurred by county taxpayers to remedy abandoned properties. Further, under the reforms adopted in 2024, counties anticipate incurring other costs to administer and sell forfeited property that will not be eligible to be recouped from property sale proceeds.

**MICA supports establishing state grant funding to provide sufficient one-time and ongoing funding to help counties pay these unanticipated costs for clean-up, remediation, and property management necessary to return properties to productive use.**



## Strengthen Transparency and Local Control of Property Taxation, and Streamlining Budget Reporting, Truth-in-Taxation, and Related State Notice Requirements

*MICA urges the 2025 Legislature to:*

- *Refrain from reimposing limited market value, instead pursue residential homestead property tax relief through rate reduction coupled with other offsetting changes*
- *Allow counties to align preliminary tax statement and truth in taxation notification requirements with taxpayer preferences, including allowing for optional notification by mail.*
- *Oppose any new, overly prescriptive financial and budget reporting mandates upon counties, and relieve counties of existing, multiple-budget reporting requirements. Support the elimination of expensive budget and financial statement publication requirements, especially when electronic or on-line publication better serves the information needs of most constituents.*
- *Refrain from reimposing levy limits or enact property tax freezes or reverse referendums on proposed property tax increases.*
- *Support efforts to reform, simplify, and modernize Minnesota’s property tax system rather than increasing complexity and shifting the burden to more homeowners by creating new exemptions for specific types of taxpayers*

### **Issues with Limited Market Value**

The property tax is an ad valorem tax, or a tax on ‘value.’ As such, a fundamental principle underlying tax fairness is that all property subject to the tax be valued at its true and fair market value. This must be the starting point for determining property tax amounts. While MICA supports continuation, simplification, and adjustment to various other tax policies aimed at providing property tax relief – such as property tax class rates, adjustments to market value exclusions, and increased state aids—we strongly oppose limits on market valuations because they undermine property tax equity and obfuscate their true impact of those policies, which may or may not benefit property owners it intends to help.

Placing limits on valuation growth for tax purposes does not alter that the true market value has grown. Rather, such policies set an artificially lower value when computing tax amounts, resulting in a lower overall tax base and higher tax rate overall. The higher tax rate means all properties will pay at a higher tax rate, including those benefiting from the valuation limit, often leading to confusion and misunderstanding of whether the policy benefits. [Required reports completed by the Minnesota Department of Revenue](#) when similar limited market values were in effect, confirmed that tax rates were higher due to the limitation, and that residential properties as a group experienced an increase in tax due to the limitation. Further, depending on whether value limits run with the land, or the property owner, they can also contribute to misperceptions regarding the true value of the property, and contribute to inequities for new property owners.

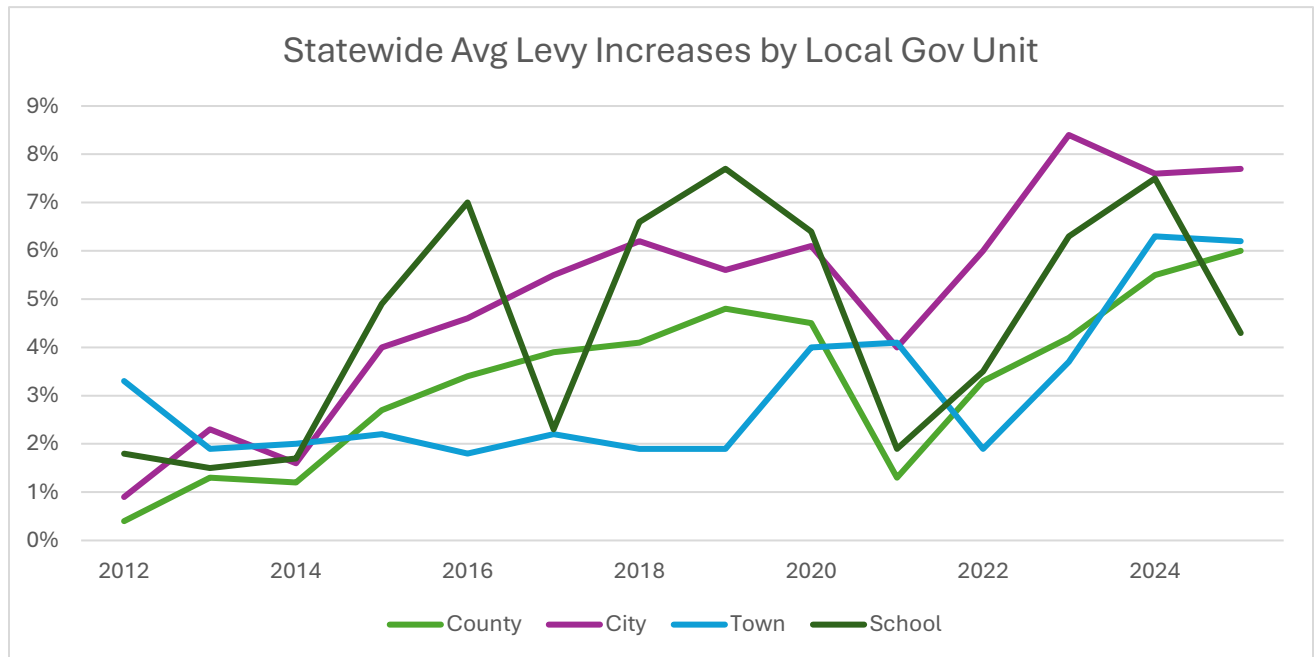
Rather than imposing a convoluted mechanism which can lead to unintended consequences, a simpler approach would be reducing the classification rate for residential homestead property. MICA supports that approach, coupled with considering other offsetting changes to ensure there is not a significant shift onto commercial, agricultural, or apartment property.



### Issues with Levy Limits

Other than the state general levy, Minnesota has rightly maintained the property tax as the exclusive own-source tax base for local governments. For counties, local property tax revenue must often also cover the cost of state mandates not fully funded by the state.

Levy limits are a state-imposed restraint on county taxing authority that are disrespectful of county commissioners’ commitments to their constituents and taxpayers to provide needed services at the lowest costs possible. For example, in the past, levy limits encouraged more expensive, debt financing of capital expenditures when pay-as-you-go may have been a better option. Levy limits frustrate county commissioners’ responsibility to make budget and levy decisions that best serve the needs of their counties. Levy limits make commissioners less accountable to voters for their tax and spending decisions because levy limits provide a ready excuse for commissioners who do not support additional investments in popular programs.



Year	County	City	Town	School
2012	0.4%	0.9%	3.3%	1.8%
2013	1.3%	2.3%	1.9%	1.5%
2014	1.2%	1.6%	2.0%	1.7%
2015	2.7%	4.0%	2.2%	4.9%
2016	3.4%	4.6%	1.8%	7.0%
2017	3.9%	5.5%	2.2%	2.3%
2018	4.1%	6.2%	1.9%	6.6%
2019	4.8%	5.6%	1.9%	7.7%
2020	4.5%	6.1%	4.0%	6.4%
2021	1.3%	4.0%	4.1%	1.9%
2022	3.3%	6.0%	1.9%	3.5%



2023	4.2%	8.4%	3.7%	6.3%
2024	5.5%	7.6%	6.3%	7.5%
2025	6.0%	7.7%	6.2%	4.3%

Levy limits were last imposed in 2014. Those restrictive levy limits largely ignored the fact that counties were obligated under state mandates and maintenance of effort requirements to spend hundreds of millions without regard to the levy limits’ intended restraint on tax increases. The state cannot have it both ways – on one hand requiring counties to spend money while on the other hand prohibiting counties from collecting the property taxes necessary to pay for those mandates.

Both state and county governments have shown themselves to be responsible stewards of taxpayer dollars by reducing state and local government spending as a percent of personal income since 1996, including a continued decline from 15.7% of personal income in 2018 to a projected 14.6% of personal income in fiscal year 2026. Further, annual county levy increases have typically been lower than for other local governments, and below the growth of major state tax revenue sources.

A key objective of 2001 property tax reforms, that is still relevant today, was to reduce the state’s perceived role in determining local property taxes and to reinforce the fact that the property tax is a local tax for which local officials are accountable. The principle of aligning local property tax decisions with local accountability continues to be a sensible standard. Any imposition of levy limits, property tax freezes, or reverse referendums, undermines the fact that the property tax is local and local elected officials are accountable for decisions pertaining to it.

**Allowing optional notification by mail for Truth in Taxation statements**

Parcel specific tax information is already available on many county websites along with multi-year historical data. Moving notice of the dates of the truth in taxation hearings to the county web sites, county social media platforms, and other public communication channels, including print media, would provide the information in the readily accessible means that many citizens demand and expect. For example, those desiring continuation of mailed truth in taxation notices can elect to do so on the preceding year’s regular tax invoice which they return with their payment. For new owners, the first year’s mailed truth in taxation notice and regular tax statement could provide similar notice that the owner can continue to be mailed the truth in taxation notice if they so elect.

Taxpayers and state officials expect local governments to provide transparent and effective, but also efficient operations. These and similar notification mandates—simply put—no longer satisfy any of these common criteria for good government and can be a barrier to those objectives. MICA encourages statutory modernization of these notification requirements.

**Oppose any new, overly prescriptive financial and budget reporting mandates**

Counties incur substantial costs for publication of budget and financial reporting. Minn. Stats. 375.12, 375.169, and 375.17 place extensive newspaper publication requirements on counties that duplicate efforts and increase costs for information that are already available to the public via the county’s website, State Auditor’s website, and through other means. Many counties offer video streaming of their public meetings via the web and/or on local television channels. They also publish board meeting minutes on their website. Even with that, Minn. Stats. 375.12 requires that the proceedings of these



meetings also be published in the newspaper within 30 days of the meeting, as well as requiring that each individual claim paid over \$2000 to also be published.

Summary budget data and audited financial information is also required to be reported to State Auditor each year. This information is compiled and posted in a report for all counties on the Auditor’s web site, including cross-county comparisons and per capita comparisons. Costs can be several thousand dollars annually for newspaper publications.

The legislature should not mandate additional reporting with overly prescriptive expenditure types that do not respect current charts of accounts. Just adding more requirements to the long list of county budget and financial reports will do little to enhance taxpayer knowledge and access to this information. The alternative of encouraging the voluntary migration of budget and financial reporting to county web sites, while relieving counties of the newspaper publication of the same, is a preferable choice to mandating just another new budget report from counties without relieving them of any of the expense of the reports already required to be published.

## Support Equitable Access to Local Sales Tax Base by County Governments

***MICA supports general statutory authority for counties and cities to impose a local sales tax following a uniform process of local referendum approval, provided counties are allowed to use the new authority to fund the array of infrastructure that is typical of county government functions and state mandates on the operations of county government.***

Since 2012, local sales tax revenue (cities and counties) has increased from 2.8% to 5.4% as a share of all local non-school own-source revenues<sup>2</sup>. In 2013, the legislature authorized all counties – which together with towns are responsible for 75% of all road lane miles in the state—to impose a local sales tax of up to 0.5% to fund county roads, largely because state-determined transportation revenues were falling well below the levels needed.

Recognizing the growing importance of sales tax as a local revenue source but concerned that not all geographies have the same opportunity to benefit from a local sales tax base, the 2023 legislature adopted a two-year moratorium on requests for new local sales taxes. In addition, the legislature created a Local Sales Tax Advisory Task Force.

In February 2024, the Task Force provided these [recommendations](#) and the House and Senate brought forward different proposals to implement some, but not all, of the Task Force recommendations, with modifications. Those discussions continued in 2025 with the Senate modifying their proposal to move closer to the House approach, while the House proposed to extend the moratorium. No general law changes were made in 2024 or 2025, and the moratorium expired with the conclusion of the 2025 legislative session. Local governments will return to the prior system of bringing projects to the legislature requesting special authorizations.

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<sup>2</sup> Based on a MICA analysis of Price of Government data maintained by [Minnesota Management and Budget](#)



**MICA supports adopting general law authority to impose a limited local sales consistent with the following principles:**

- Maintain the current law authority (Minn. Stats. 297A.993) for county boards to establish or continue a county transportation sales tax without a counties' use or non-use of its 297A.993 authority diminishing its ability to impose a limited sales tax under the new program.
- The new local sales tax authority must allow counties to use sales tax proceeds to fund costly capital infrastructure typical of county functions and the state mandates for counties, including criminal justice, court, and public safety facilities, parks, trails, and libraries, and mental health or housing infrastructure that counties are increasingly leading on to solve statewide policy challenges.
- The allowable uses should be equally available to all counties, both within the metro area and outside the metro area.
- Any required revenue sharing aimed at enhancing equitable access to regional sales tax base should only apply when the type of project that is approved increases retail sales or surrounding property tax base. Many county projects merely provide core government functions and are filling a need rather than giving them an economic advantage.
- Ensure that state prescribed parameters for referendum ballot language do not imply that a county cannot fund a project from property tax revenues if voters reject the sales tax.

Because adoption of any general law sales tax authority for cities and counties is likely to have significant long-term impact for the state-local finance partnership, **we urge that any new authority must have the support of cities and counties as a condition for legislative approval.**

## Exempt Counties from the Sales Tax on Motor Vehicles Used for Road Maintenance, Similar to the Treatment of Townships Under Current Tax Law and Exempt Purchase of Unmarked Vehicles

***MICA supports exempting counties from the sales tax on motor vehicles used for road maintenance purposes, similar to the treatment of townships under current tax law, and supports exempting local government unmarked cars purchased for public use from MVST.***

Only townships are exempt under current state law from the sales tax on motor vehicles that applies to the purchase of heavy equipment used for road maintenance and other local operations. Counties should be granted the same exemption for the vehicles they use for highway maintenance and construction. County payment of the state sales tax on motor vehicles used for road maintenance places counties in the difficult position of either reducing the amount of resources available for services such as highway maintenance and improvement or increasing the burden on county property taxpayers. Eliminating the administration of the payment, collection, and then allocation of the sales tax would be an administrative efficiency for both the counties and the state. Additionally, MICA supports legislation to ensure that purchase or lease of motor vehicles for use exclusively as an unmarked police patrol and social service vehicles are exempt from sales tax on motor vehicles.



## Ensure Sustainable Funding for Deputy Registrars

***MICA supports county and state revenue sharing of driver's license and motor vehicle filing fees at levels that support financial stability for the ongoing delivery of Deputy Registrar's services.***

MICA appreciates the one-time appropriations and ongoing fee changes adopted in 2023 to set Deputy Registrar fees to more closely align with the costs of processing REAL ID and other complex transactions. Deputy registrar services are intended to be self-sustaining and the 2023 law changes helped mitigate the gap between costs and revenues. However, many counties are still allocating property tax levy to subsidize deputy registrar services in 2025 because filing fees fail to cover costs.

Communities benefit when Deputy Registrar services are locally accessible, and customers are provided with a high degree of service and efficiency. The filing fees set by statute and retained by Deputy Registrars are essential to the continuance of local processing of driver's license and motor vehicle applications. This business model relies on legislative action to regularly adjust filing fees to cover rising costs over time.

An independent expert review (IER) study completed for the legislature in 2022 confirmed that increased fees were warranted to compensate for the increased staffing needed to meet the demands of processing Real-ID-compliant driver's license applications and support full Deputy Registrar services. That IER study also recommended a portion of existing fees be shared with licensing centers. However, that recommendation has not yet been adopted.

Three realities of the current statewide model underscore how the financial sustainability of deputy registrars will continue to be a challenge in the absence of state revenue sharing. First, operating costs rise over time while fees are set at a static level. Second, as low cost to process transactions increasingly move online and to the state, the transactions performed by licensing centers are increasingly shifting to more complex, higher cost to process transactions that require more staff time but generate the same fixed fee. Third, the system depends on deputy registrars to process no-fee transactions and resolve problematic transactions that are not successfully completed online. In fact, DVS refers these problematic transactions, including for tab renewals or license plates that cannot be completed online, to a deputy registrar to resolve. Those customers are not being charged an additional fee but under current law, DVS retains the online fee the customer paid while work is completed by a deputy registrar.

### **MICA urges:**

- **state revenue sharing to help fund high-marginal cost transactions administered by deputy registrars;**
- **increasing DNR filing fees to reflect transaction cost increases over past 20 years;**
- **aligning the \$1.00 tab fee charge enacted in 2023 to apply to all tab fee transactions; and**
- **requiring DVS to purchase and supply to deputy registrars the special paper stock required to print duplicate titles**



# TRANSPORTATION PRIORITIES

Appropriate \$250 million in bonds for the Local Bridge Replacement Program and \$200 million for the Local Road Improvement Program.	
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Transportation

Building and maintaining a safe and well-integrated transportation system that efficiently moves people and products is a basic responsibility of government. This responsibility is shared by federal, state, and local governments. The 2023 Legislature delivered substantial results for county roads and bridges,



Greater Minnesota, and metropolitan transit. However, there is still more work to be done. Inflation continues to outpace the increased revenues and must be factored into the equation to truly understand the real cost of fixing and repairing roads and bridges.

Minnesota counties have jurisdiction over more than 44,367 of the State’s 142,488 miles of roads and highways. Counties and other local governments oversee 15,876 bridges, or approximately 80% of all bridges in the state. The 2025 MnDOT Annual Bridge Report stated that of these, 739 bridges are in poor condition. Additionally, approximately 1,100 of these bridges meet the eligibility criteria to be replaced, and around 1,200 have restrictions on the weight/size of vehicles that may cross them. In addition to road, highway and bridge maintenance, counties also provide bus services and are heavily involved in the design, construction, and operation of light rail, commuter rail, and freight rail systems. Together with state highways, this local infrastructure forms a cohesive mobility network that powers our state and regional economies.

Recognizing that highways, roads, and bridges form the backbone of this crucial network, the Minnesota Constitution exclusively dedicates proceeds from three primary funding sources - the state-motor fuels (gas) tax, vehicle registration tax (tab fees), and a portion of Motor Vehicle Sales Tax (MVST) - to roads and bridges across the state. Those sources account for 92% of state transportation system funding yet are not enough to address a funding gap of \$8 billion over the next decade.

## Fund the Local Bridge Replacement Program to Address the Backlog of Bridge Projects

***MICA recommends that the 2026 Legislature appropriate \$250 million of bonds for the local bridge replacement program.***

Minnesota residents and visitors depend on thousands of bridges every day to get to work, school, and recreation. These structures are equally vital for moving the goods and services that drive our economy. The vast majority of bridges in the state are managed by local governments, and many are showing their age or require significant repair to remain safe and functional.

Across Minnesota, a growing number of bridges have surpassed their intended lifespan. Local governments identify and prioritize bridge replacement projects through formal resolutions, which are then compiled into a comprehensive five-year replacement list. This plan represents a substantial investment need, with counties responsible for more than half of the projects and costs required to maintain a safe and efficient transportation network.

Recognizing the critical role bridges play in the state’s transportation system, the 1976 Legislature created the Local Bridge Replacement Program (LBRP). The program has historically been funded by general obligation bonds to assist local governments by providing critical funding to replace or rehabilitate the state’s poor and obsolete bridges. But funding has been inconsistent and inadequate over the past decade with the condition of state and local bridges falling behind as a result.

Between 2008 and 2014, significant funding was consistently provided every other year. Since then, funding has been less consistent with little to no new funding being provided for several years, including during the 2024 session:



Year	General LBRP - Appropriations		General LBRP – Motor Vehicle Lease Sales Tax <sup>+</sup>		Earmarked LBRP	
	LBRP Funds (millions)	No. of Projects Funded	LBRP Funds (millions)	No. Projects Funded	LBRP Funds (millions)	No. of Projects Funded
2013	\$0.0	0			-	-
2014	\$21.3	48			\$11.8	1
2015	\$7.4	23			-	-
2016	\$0.0	0			-	-
2017*	\$16.5	79			\$32.7	2
2018	\$5.0	26	\$12.6	29	-	-
2019	\$0.0	0	\$12.7	43	-	-
2020*	\$30.0	109	\$11.2	36	\$56.2	3
2021*	\$14.0	49	\$10.2	15	-	-
2022	\$0.0	0	\$8.9	30	-	-
2023*	\$85.0	171	\$7.4	13	\$39.25	6
2024	\$0.0	0	\$12.3	25	-	0

\* LBRP account(s) still open so number of non-earmark projects funded is subject to change.

+ 2017 amendment to 297A.815 dedicated 9513 percent of MVLST to local bridges

MICA is grateful for the passage of \$20 million in general obligation bonds for the LBRP during the 2025 Special Session, which has already been exhausted. As of January 2026, there is a waitlist of 18 local bridges requiring over \$4.1 million in state funding. With outstanding needs upward of \$800 million, MICA recommends that the Legislature appropriate \$250 million in bonds for the Local Bridge Replacement Program in 2026.

## Fund the Local Road Improvement Program and Grants

***MICA recommends that the 2025 Legislature appropriate \$200 million for the Local Road Improvement Program (LRIP).***

Many counties face the same funding pressure as the state related to capacity expansion, congestion reduction, interchanges, inflation, and required matches for federal funding. County highways connect farms and markets, manufacturers and shippers, and employees and employers. These critical connectors warrant state support.

The Local Road Improvement Program (LRIP) was created in 2002 and designed to provide essential funding to local projects based on objective, competitive criteria aimed at creating a safe and well-integrated statewide network. Counties, Minnesota statutory aid (MSA) cities, small cities, and townships benefit and can apply for assistance with constructing and reconstructing local roads. LRIP funding, however, has lagged in recent years, despite growing needs.

In 2023 a combined total appropriation of almost \$103 million was available for the competitive LRIP solicitation. However, MnDOT’s Office of State Aid received 378 application submittals, with requests of \$417.1 million in LRIP funding. The \$103 million was only able to support 86 approved projects. Similarly, the additional \$42 million authorized in 2025 pales in comparison to the demand. During the application period, 233 applications totaling nearly \$277.4 million were submitted. As a result, MICA



recommends the 2026 Legislature appropriate \$200 million in general obligation bonding for the LRIP program.

## Funding for the Local Road Wetland Replacement Program (LRWRP)

***MICA recommends that the 2026 Legislature continues to provide cash and bonding dollars for the Local Government Road Wetland Replacement Program to overcome the current credit deficit.***

In 1996, the Legislature established the Local Road Wetland Replacement Program (LRWRP), a strong example of how federal, state and local governments can work together efficiently to protect wetlands and the environment. Under this program, local road authorities are required to report wetlands lost due to improvements and reconstruction of existing local roads (wetland impacts of entirely new local roads must be paid for by the local government). The lost wetlands reported to the state are replaced by BWSR using the funds appropriated for the LRWRP. Historically, LRWRP had been funded entirely with general obligation bonds, allowing the costs of those very long-term capital investments to be spread over 20 years. In the early years of the program, regular allotments kept this program on an even keel. More recently, however, inconsistent, and inadequate funding levels have resulted in significant uncertainty for local road replacement planning, with the problematic need to purchase higher-cost wetlands from private developers (which must be purchased with cash) on short notice to keep projects moving.

Because of inconsistent bonding allocations and the fact that those dollars cannot be used for purchasing credits or equipment to construct wetlands, MICA recommends the Legislature provide a combination of bonding and one-time monies totaling \$35 million to shore up the credit banks and meet the annual credit demand. Due to constraints on local road dollars, existing transportation revenues should not be allocated to fill the gaps in LRWRP funding.

Projects impacting wetlands, including maintenance of roads, cannot proceed without replacement wetlands being available. The need for additional investment is critical.

Previous Appropriations	
2016	\$0
2017	\$5 million in GO bonds, \$5 million GF cash
2018	\$6.7 million in GO bonds
2019	\$0
2020	\$15 million in GO bonds, \$8 million GF cash
2023	\$12 million in GO bonds
2024	\$0
2025	\$5 million in GO bonds, \$3 million GF cash



## Greenhouse Gas Committee Program Modifications

***MICA supports limiting the greenhouse gas (GHG) and vehicle miles traveled (VMT) assessments to trunk highway corridors and having state funds available to pay for mitigation efforts so they will not be incorporated into the costs of the project. Projects that are being planned to reduce fatalities and serious injury crashes should not be prohibited if 100% mitigation cannot be achieved.***

The 2023 Omnibus Transportation Finance and Policy Bill established a new requirement for an assessment and mitigation of GHG emissions and VMT for grade separated interchange projects and lane expansion projects on the trunk highway system. The law was amended in 2024 to add a portfolio of projects to the assessment and mitigation requirements by August 1, 2027, or as established by the commissioner. Adding the portfolio includes a collection of trunk highway and multimodal projects in a given fiscal year and region. To date, the implementation of the requirements of section 161.178 has not been established.

MICA is requesting:

- a delay to the effective date of Sec. 161.178 until the project and portfolio impact assessment and impact mitigation requirements have been developed and sample projects and portfolios have been fully tested;
- an appropriation into the transportation impact assessment and mitigation account to pay for impact mitigation;
- establishment of a statewide credit bank to streamline mitigation;
- an appointed authority that includes local government representation and has oversight over all the agencies responsible for mitigation; and
- approval of projects planned to reduce fatalities and serious injury crashes even if 100% mitigation cannot be achieved.

## Retain Current Distribution Formulas and Definitions for Transportation Funding Streams

***MICA urges the 2026 Legislature to retain the current distribution formulas and definitions within the highway user tax distribution fund (HUTDF), the Motor Vehicle Leased Sales Tax (MVLST), Sales Tax on Motor Vehicle Parts, Transportation Advancement Account (TAA), and Metro Area Sales Tax for Transportation. These formulas were carefully negotiated (and in the case of the MVLST, reaffirmed) as part of the 2023 Transportation Funding Bill.***

Counties have responsibility for almost one-third of Minnesota’s roads and over 40% of its bridges. Most county roads are on the state aid system and provide vital, high-quality connections necessary for the overall state highway network to work well. CSAH roads typically carry heavier traffic volumes, connect major points of interest, facilitate commerce as freight corridors, and host transit operations. And in the metro area and regional centers, growing populations are stressing systems and current funding streams.

MICA defends the current statutory use of the term “highway purposes” in Minnesota law as a necessary boundary to preserve the integrity of county transportation systems. The term has historically referred to the planning, construction, maintenance, and regulation of public roadways intended for



motor vehicle travel. For decades, this has also encompassed pedestrian and bicycle facilities along county highways, which serve a key role in supporting safe, multimodal mobility. However, further expansion of this definition to include nonhighway uses—such as standalone bike paths, transit infrastructure, recreational trails unrelated to county highways, or greenhouse gas reduction efforts—risks diluting the original intent of the statute and diverting limited resources away from core roadway needs that remain the backbone of our transportation system.

A clear and consistent definition of “highway purposes” allows counties to manage right of way, prioritize safety improvements, and ensure that funding is directed toward essential infrastructure. Expanding the term to encompass other modes of transportation undermines local authority and creates confusion over jurisdiction, funding eligibility, and long-term planning. MICA supports maintaining a focused interpretation of “highway purposes” that protects county discretion and ensures that highway funds are used for their intended purpose: the development and preservation of Minnesota’s road network.

Statutory revenues from other sources, such as the MVLST, sales tax on motor vehicle parts, TAA, and metro area sales tax all assist counties upgrade and maintain aging infrastructure as well as support modal improvements for walking, biking, and transit, and safety improvements to accommodate these system users. These funds are even more important as unfunded mandates and cost shifts from the federal and state governments to counties are eroding the ability to pay for local transportation projects through the property taxes.

## Maintain current processes for oversight of local roads

***MICA supports maintaining current processes for planning, maintaining and improving local transportation systems, recognizing the importance of transportation network continuity throughout the state. Counties should be at the table in the decision-making process.***

During the 2025 legislative session, there were attempts by the Legislature to usurp local decisions and input on transportation projects and processes. These included legislative directives to:

- Set speed limits on county roads;
- Prescribe state-aid design standards;
- Mandate cost-participation ratios; and
- Dictate on which projects counties spend local transportation dollars.

Other past efforts to undermine county control of their assets include attempts by state agencies and special interest groups to manage local highway right of way and override local road restrictions. Decisions about how to manage and maintain local roads and transportation assets under county jurisdiction are best determined by locally elected county boards in consultation with their professional staff and input from their constituents. Just as state legislators are loathe to have the federal government mandate decisions within their purview, state officials should respect the right of county governments to maintain autonomy over their resources and responsibilities.



## Maintain Current Law Related to Setting Speed Limits on County Roads

***MICA supports and recommends continuation of policies that maintain the Minnesota Department of Transportation (MnDOT) Commissioner's role in setting speed limits.***

In 2019, the Legislature approved provisions allowing Minnesota cities to determine speed limits on municipal streets in certain circumstances rather than maintain the default state speed limit for municipal roads unless alternate speed limits are determined through a long-standing process utilized by MnDOT to analyze speeds and recommend safe speed limits. Processes for setting speed limits are being changed at both the national and state level to better incorporate roadway context into setting the limits. A consistent and uniform state process is essential to setting safe and reasonable speed limits. MICA encourages the state to maintain current law and MnDOT processes for determination of speed limits for county roads.

## Streamline the Wetland Permitting Process for Transportation Projects

***MICA recommends that the 2026 Legislature modify the required wetland replacement ratio for transportation projects to 1:1, rather than the current 2:1 requirement.***

The Wetland Conservation Act requires that wetland impacts for road improvement projects, except those located in an area with greater than 80 percent of their pre-development wetlands, be mitigated at a 2:1 ratio in Minnesota. Transportation projects improve safety along Minnesota's roadways and are completed to prevent serious and fatal crashes. Oftentimes, wetlands along roadsides that are impacted by these projects are lower quality wetlands that have come to be only because of vegetation growth and blocked ditches that cause poor drainage over time. Replacement wetlands created for the statewide bank for local projects or constructed for sale on the private market are large, high quality wetland complexes that support a variety of wetland habitats and vegetation. In most cases, the replacement wetlands are far superior to the quality of the impacted wetlands along roads regarding habitat quality and support of clean water.

Additionally, a 1:1 replacement ratio versus the current 2:1 would allow the credits in the underfunded Local Road Wetland Replacement Program to go much farther and reduce the funding request needed to make the program whole.

## Make Railroad Crossings Safer

***MICA supports bonding authorization to provide railroad grade crossing-warning device installation and replacement, especially on paved and gravel county highway/mainline railroad crossings that currently lack safety mechanisms.***

MnDOT had identified over \$300 million in highway grade crossing improvements needed to make roadways safer. For counties, this includes 167 paved and unpaved county highway/main line railroad crossings that lack crossing lights and gates in Minnesota. These unprotected crossings constitute a major safety hazard for Minnesota motorists.



The prior two bonding bills together included \$4.6 million for highway grade crossing improvements, and in 2026, the Legislature should honor MnDOT’s bonding request of \$10 million per year to catch-up with the unmet need.

## Truck Weights

***MICA recommends no changes in truck weight limits or the ability for counties to permit overweight/oversize vehicles on roadways they own***

The nation’s infrastructure has been crumbling for years. Trucks exceeding the gross vehicle weight limit of 80,000 pounds accelerate the deterioration of our roads and bridges. The current fees and taxes levied on overweight trucks do not offset the resulting costs of maintaining our infrastructure, especially as it pertains to maintaining the structural integrity of bridges.

Additionally, having higher weight limits for some commodities on state trunk highways than on the federal interstate system has the effect of routing heavier trucks onto county roads to bypass the interstate restrictions and cause further damage on county roads and increased stress to local bridges. The allowance of local government to control permitting remains important – especially as roads thaw during the spring.

No additional exceptions to the 80,000-pound gross vehicle weight limit should be enacted. On their own, the exceptions may seem small and isolated, but collectively, their impacts accelerate the deterioration of the state’s roads and bridges.



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## Dedicate Existing State Funds to Counties to Modernize and Streamline Health and Human Services Programs and Technology

*The MICA Board of Directors urges the Legislature to use existing state funds to make significant progress in its efforts to modernize and streamline health and human services programs and technology focused on system transformation for counties.*

Modernization of human services programs, processes, and technology is imperative to the effectiveness and sustainability of publicly-funded human services. The current system includes an ecosystem of interdependent state and county systems, is complex, fragmented, administratively burdensome for all, and in many programs is functionally inept. Furthermore, it does not produce the outcomes Minnesotans need from these critical community supports. The Legislature has invested a significant amount of money towards systems modernization of state systems, but it lost focus on many county pain points - resulting in risking this fragile eco-system and creating technical inequities.

Although the Legislature has made incremental investments in technology, those dollars have not reached the county level. The 2023 Legislature provided \$40 million of funding over four years for the Technology Modernization Fund (TMF). The TMF allows Minnesota IT Services to fund projects and efforts that modernize, secure, and improve the customer experience of executive branch technology systems. The 2023 Legislature also appropriated \$200 million to the Department of Human Services (DHS) for information technology, much of which remains unspent. The 2024 Legislature provided \$10 million in funding to DHS for SSIS upgrades; the 2025 Legislature followed suit with an additional \$35 million. These dollars are intended to position the state to address what can only be described as a crumbling state infrastructure that does not serve individuals, children, or families. However, **these investments did not include resources for counties to do the local work necessary to effectively implement state-funded upgrades as they roll out.**

In response, counties have been working on legislation that would appropriate money for **grants to counties** to implement service delivery transformation information technology initiatives, as well as information technology modernization and infrastructure projects. Counties estimate that more than \$33 million each year is spent on data entry and systems work; we are eager to strengthen the technologies and processes that support local administration of health and human services programs – particularly in light of recent federal actions.

MICA asks that the State prioritize use of already appropriated funding for systems improvement and technology that support the health and human services system used by the state, the counties, and, most importantly, the clients that we mutually serve. In addition, MICA asks that the state develop policy language that outlines a clear framework for collaboration with counties, tribes, DHS, DCYF, MNIT, and other relevant state agencies to ensure these technological investments are best spent.



## Resource the Minnesota African American Family Preservation and Child Welfare Disproportionality Act (MAAFPCWDA)

*The MICA Board of Directors supports the successful implementation of the MAAFPCWDA, provided the State takes ownership of case reviews, and the State provides funding to counties for prevention services, as well as timely completion of SSIS improvements.*

The MAAFPCWDA was signed into law in 2024 with a timeline for initial phase-in counties (Hennepin and Ramsey) followed by statewide implementation on January 1, 2027. A workgroup was initiated in May 2025 to work through definitions, clarification, and recommendations. The Legislature will receive a report from the workgroup by January 1, 2026, that outlines the following key areas:

**Workforce Needs:** The MAAFPCWDA will increase the work demands of child welfare staff and supervisors. It requires “active efforts” versus “reasonable efforts” for all eligible families, which is projected to be 90% of the families we serve. Based on the staffing recommendations found in the DeYoung report, counties are developing staffing forecasts for needs in child welfare and the county attorneys’ offices. Currently, there are no additional state funds to support the additional workforce needs to successfully implement this new law.

**Community Supports:** The MAAFPCWDA emphasizes the role of community-based, culturally-responsive services to prevent and reduce entry into the child welfare system. This is a gap across counties in Minnesota. It is crucial that there is additional support for Community/Family Resource Centers and other innovative community resources that meet families’ economic needs.

**Systems Considerations:** Beyond the immediate impacts to county workload and potential additional property tax revenue required for additional staff and community contracts, it is critical to consider the systems impacts of the proposed change. While significant funds were provided for SSIS in 2024 and 2025, it is critical to incorporate new MAAFPCWDA requirements in SSIS so the system supports county staff across the state through simplification and reducing paperwork so that more direct time can be spent with children and families.

As the state workgroup works through statutory clarification, it has become clear that the State should own the case review process. In Minnesota’s state-supervised, county-administered system, the State should be responsible for the case reviews, utilizing the case review infrastructure already in place.

## Mitigate Federal Impacts Relating to Medicaid and Supplemental Nutrition Aid Program

*The MICA Board of Directors supports legislation that mitigates the impact of Medical Assistance and Supplemental Nutrition Assistance Program cost shifts from the federal government through systems modernization, as well as the State assuming the cost shifts for the non-federal shares related to both premiums and benefits.*

Medical Assistance (MA) is Minnesota’s Medicaid program for people with low income. It represents Minnesota's largest health care program and serves children and families, pregnant women, adults



without children, seniors, and people who are blind or have a disability. MA is jointly funded with state and federal funds. Minnesota’s Department of Human Services (DHS) oversees the program.

Recent Federal changes will shift financial and administrative costs onto state and county governments. Minnesota is one of only a few states in which the health and human services system is state-supervised, but county-administered. Per these changes, initial budget impacts to counties will begin 4th quarter 2026; workload impacts will begin sooner. These changes will have a direct and disproportionate impact on counties in Minnesota:

- **Medicaid County Workload Changes:** Eligibility redeterminations will double - doubling the workload for county financial workers and increasing the work to maintain coverage. New community engagement requirements will be rolled out at the end of 2026, which the current healthcare systems do not include. State investment and prioritization of these system requirements is necessary; without it, county staff will be required to put in significant time on manual workarounds. A 2018 analysis by Minnesota Management and Budget estimated this would be a cost to taxpayers of more than \$160 million annually.

The requirements are expected to impact the MA program in three primary ways. First, an estimated 20% of those enrollees subjected to the work requirements will have their coverage terminated due to either additional income, non-compliance, or administrative burden. Second, some adult enrollees will seek a disability determination if they do not see themselves as able to satisfy the work requirements. Finally, the change will increase the burden on county and Tribal workers trying to determine eligibility for Minnesotans.

The Supplemental Nutrition Aid Program (SNAP) provides basic food support to low-income individuals - especially families and young children. The Minnesota Department of Children, Youth and Families (DCYF) oversees the program.

- **SNAP Administrative Cost Share:** Beginning 4th quarter 2026, the Federal contribution for administrative costs will be reduced from 50% to 25%. The state has estimated this to be a \$39 million annual loss in federal reimbursements.
- **Expanded SNAP Work Requirements:** Workload impacts and systems modifications to ensure compliance with changing work requirements must be met efficiently and accurately. The State has estimated that these new work requirements will impact the following populations:
  - 12,700 adults without dependents
  - 5,900 adults with children age 14 or older
  - 9,000 veterans, youth leaving foster care, and people experiencing homelessness
- **SNAP Benefit Cost Share:** Statewide payment error rates of more than 6% will result in states paying a percentage of the benefit share. Minnesota counties take accuracy seriously, and error rates vary greatly across the state - and even within a county - across years. The ability for counties to do local training and state improvements in technology are key to making improvements as it relates to this potential statewide cost. Throughout the first three quarters of FY25 the state’s error rate is at 10.79%, which would result in a 15% benefit cost share.



## Support Efforts of Long-Term Services and Supports Cost Containment Workgroup

***The MICA Board of Directors remains committed to ensuring the sustainability and effectiveness of Long-Term Services and Supports (LTSS) across the state. MICA supports collaborative efforts to address escalating LTSS costs, including the formation of the LTSS Cost Containment Workgroup established during the 2025 legislative session. However, MICA strongly opposes any cost-shifting measures that place additional financial burdens on property taxpayers.***

During the 2025 session, several proposals were introduced to balance the State’s budget by shifting LTSS costs to counties. One such proposal would have imposed a county cost share for waiver residential services, with a projected fiscal impact of \$89,500 million to counties in FY28–29. MICA opposed this measure, and it ultimately did not pass. Instead, a compromise was reached to create a 30-member workgroup tasked with identifying cost-saving strategies within LTSS. Counties hold six seats on the workgroup, including two appointed by MICA.

While MICA supports the workgroup’s mission to explore efficiencies and innovations in LTSS delivery, we are deeply concerned about the potential consequences if adequate savings are not identified. Specifically, MICA opposes any future implementation of a county cost share for waiver residential services and any reduction to the Competitive Workforce Factor (CWF) rate, both of which would undermine service quality and shift unsustainable costs to local governments.

MICA urges the Legislature and administration to:

- Ensure the workgroup process is transparent, inclusive, and data driven.
- Prioritize reforms that improve service outcomes without compromising county budgets.
- Reject any proposals that impose new LTSS cost burdens on counties.
- Identify a champion to assist with making any necessary language changes to the statute to allow time for mandatory processes to implement the changes.

Counties are essential partners in delivering LTSS, and their financial stability must be protected to maintain equitable access to care statewide.

## Support Priority Admissions Review Panel Recommendations

***The MICA Board of Directors supports the work of the Priority Admissions Review Panel, which will continue its work into 2026.***

MICA is appreciative of the progress made since the 2023 Legislature created the Priority Review Panel, which examined how the priority admissions law affects the State’s capacity to serve all individuals in need of care in state-operated treatment programs. This Review Panel had seats representing the county role, including a Commissioner, Sheriff, County Attorney, and Human Services professional.

Several of the nine recommended changes of the Review Panel have come to fruition, including:

- Increased capacity of Direct Care and Treatment (DCT): The 2025 HHS bill included \$20 million for expansion at AMRTC’s campus; the 2025 bonding bill provided an additional \$55 million. This \$75 million investment will allow for an expansion of 50 beds at AMRTC. It should be noted that



while 50 beds will be helpful, the actual current need is estimated to be approximately 300 beds.

- Approved an exception to the Priority Admissions law: Both the 2024 and 2025 Legislatures passed language allowing for an exception of up to 10 individuals to be admitted from hospitals ahead of those with priority status.
- Created and implemented new Priority Admissions criteria to the DCT facilities: The 2024 Legislature approved a new framework for the admissions process for civilly-committed individuals residing in jails or hospitals due to the lack of specialized facility beds.
- Provided funding to administer mental health medications to individuals in custody: The 2024 Legislature provided pilot funding to improve access to medications and psychiatric consultation in jail settings. Additional ongoing funding should continue for the expansion of the administration of long-acting injectable mental health medications in jail settings.
- Expedited Minnesota’s Section 1115 Waiver Application for individuals in custody. In September 2025, DHS released an RFP for capacity-building grants to support correctional facilities in preparing for participation in Minnesota’s Section 1115 Medicaid Reentry Demonstration. This will allow Medicaid to cover targeted health care services during the 90 days prior to an individual’s release from incarceration,

Outstanding Issues: The following Review Panel recommendations still need to be addressed:

- Relieving counties of cost shares related to individuals awaiting transfer from one DCT facility to another: The previous exemption for individuals committed as mentally ill and dangerous, awaiting transfer from one state-operated facility to another, ended on June 30, 2025. This cost shift to counties is estimated at \$14,075 million in FY26-27 and \$18,196 million in FY28-29. While it may be appropriate for counties to pay for some “services,” it is not the responsibility of counties to pay for the bed in a state facility, as in many cases, the person is stuck in the “wrong” bed, while awaiting transfer to another state-operated bed. Counties should not be paying 100% of the cost of care in situations completely beyond our control.
- Increasing access to services provided in the community: Semi-locked IRTS facilities should be expanded throughout the state, which includes developing providers and staff to ensure success when beginning to provide these services.
- Increasing Forensic Examiner accessibility; the number of examiners is insufficient to meet current needs.

In 2025, the 48-hour rule was paused for an additional two years, and the Priority Admissions Review Panel was extended for an additional year; its evaluation report is due on February 1, 2026.

## Streamline MnCHOICES Reassessment Process

***The MICA Board of Directors supports continued efficiencies and benefits that will come from modifications and simplification of the MnCHOICES long-term assessment tool.***

During the past few legislative sessions, multiple modifications to the MnCHOICES long-term assessment tool were enacted, which are still in the process of federal approval and implementation. While these changes are positive steps, they are not enough to gain sufficient capacity within the system to respond timely to the growing community needs. Many individuals must wait to be scheduled for their initial assessment, and more lead agencies are falling outside statutory timeline requirements. The State should continue to take action to improve a person-centered administrative eligibility system that



considers the unique needs of people, by reducing redundancies and additional work, while also respecting those who may not want us in their homes more than is necessary.

MICA recommends three policy improvement opportunities for the 2026 Minnesota legislative session:

1. Currently, lead agencies must complete a MnCHOICES assessment for anyone who requests it. Counties support the philosophy of early engagement with services; however, a full MnCHOICES assessment may not be needed or appropriate to meet a person's individual needs. Allowing counties to redirect and assist people toward more appropriate paths to meet their needs can be more effective and beneficial for everyone. Eliminating or changing this part of statute would allow both people seeking services, as well as county staff, to proceed toward accessing the most appropriate service in a more efficient and expedient manner.

**Recommendation:** Remove the last sentence of Minnesota Statutes, section §256B.0911, subdivision 1(a):

[Purpose and goal.] (a) The purpose of long-term care consultation services is to assist persons with long-term or chronic care needs in making care decisions and selecting support and service options that meet their needs and reflect their preferences. The availability of, and access to, information and other types of assistance, including long-term care consultation assessment and support planning, is also intended to prevent or delay institutional placements and to provide access to transition assistance after placement. Further, the goal of long-term care consultation services is to contain costs associated with unnecessary institutional admissions. ~~Long-term care consultation services must be available to any person regardless of public program eligibility.~~

2. Counties or relocation service providers help people move from nursing facilities to alternative housing options if they so choose. Currently, counties are required to complete MnCHOICES reassessments once every three years in situations where a person under age 65 has indicated in writing they do not desire annual reassessments. Changing this requirement from every three years to "upon request" would increase county capacity to meet the overwhelming demand for MnCHOICES assessments and reassessments.

**Recommendation:** We propose changing the language to "upon request" in the last sentence of Minnesota Statutes, section §256B.0911, subdivision 28(e). [Transition assistance; nursing home residents under 65 years of age.] (e) An individual under 65 years of age residing in a nursing facility must receive an in-person assessment at least every 12 months to review the person's service choices and available alternatives unless the individual indicates in writing that annual visits are not desired. In this case, the individual must receive an in-person assessment ~~at least once every 36 months~~ upon request.

3. In 2025, legislation passed to allow individuals older than 21 and under 65, who are on CFSS or a DD, CAC, CADI, or BI waiver, to attest that the individual's needs have not changed since the most recent MnCHOICES assessment or reassessment and, therefore, no additional assessments are required for up to three years.

**Recommendation:** We propose adding individuals residing in Intermediate Care Facilities (ICF-DDs) to the attestation process to be developed for those whose needs are stable and unchanged.



In addition to these specific statutory change recommendations, we support other MnCHOICES administrative simplifications, which may be discovered during our ongoing work with DHS if they support informed choices for people using services, help counties better meet statutory timelines, and do not create additional burden on the county workforce/infrastructure. Finally, we continue engagement with other states and county-administered systems to understand their interpretation of annual assessments and other federal requirements. Counties, primarily Scott County, continues active efforts to change requirements at the federal level.

## Modify Human Services Financing

***The MICA Board of Directors urges the Legislature to consider the following guiding principles regarding Human Service Financing in the upcoming session:***

- Value human rights, human resources, and human equity as utmost priorities in consideration of funding.
- Counties are partners with the State in delivering services to the most vulnerable Minnesotans and should be allowed to be actively engaged in the evaluation process for policy and financing changes. Effectively understanding the variability and inequities of access to local services should be expected as part of the policy-making process.
- The use of local fiscal notes to illustrate local impact on all policy changes should be required to increase transparency and minimize unintended consequences as decisions are made.
- Innovation and development at the local level must continue, even in the face of financial hardship - a time when our communities most need our collective strength.
- We have learned flexibility in policy, where reasonable, is a tool that yields positive results, rather than relying on a uniform, singular approach. Implementation of new practices and relaxation of others can yield positive financial results and outcomes.
- The state must fulfill its foundational, regulatory requirements of a service delivery system with a high degree of accuracy and accountability for the State and counties to be reliable and efficient as service providers, funders, developers, and collaborators.
- Protect counties from unintentional state department and agency financial errors. Counties spend a significant amount of time and resources tracking state agency reimbursement payments to counties. State agencies should not be allowed to withhold dollars from counties without providing a thorough explanation and accounting for all withheld funds.
- Counties rely on timely payments processed by state agencies for funding mandated services. When state agencies delay processing payments, counties, at a minimum, request to be notified and provided with a revised schedule for payment.

## ADDRESS EXCESSIVE COUNTY COST SHARES FOR STATE-OPERATED SERVICES



## Permanently Exempt County Cost Share for MI&D Treatment Beds When a Patient is Determined DNMC and is Waiting to Move from One State-Operated Bed to Another

***The MICA Board of Directors supports a permanent county cost share exemption for individuals committed as Mentally Ill and Dangerous (MI&D) who are deemed “Does Not Meet Medical Criteria (DNMC)” and are awaiting a transfer from one state-operated facility to another.***

Minnesota Statutes, section 246.54, states that counties are 100% responsible for the cost of care when a state-operated facility determines it is clinically appropriate for the person to be discharged DNMC, even if a person is waiting for another state-operated bed. If an appropriate bed is not available and a county is not able to move that individual, the county must still pay the full cost of care until the Department of Direct Care and Treatment (DCT) makes a bed available.

Due to the longstanding lack of investment in the State’s mental health infrastructure, counties have been paying this significant cost for many years – even when the individual is awaiting services in another state-operated facility. As it relates to people who have been committed as MI&D, the Minnesota Security Hospital (MSH) in St. Peter is typically at capacity, and patients are “stuck” in beds that are inappropriate for their needs, but are unable to move to the MSH because there is not a bed available. As of July 1, 2025, for a patient stuck in DNMC status at Anoka Metro Regional Treatment Center (AMRTC), the county has resumed 100% of the daily cost of \$2,492 per day because there is not a bed available at MSH. The waitlist is expected to be at least one year for patients waiting to move from one state-operated bed to another at an annual cost to the county of \$909,580 (for one person). This is unacceptable particularly given the fact that the bed is not appropriate, and the level of care does not align with the person’s needs. While we recognize that the 2025 Legislature did allocate funds to rehabilitate the Miller Building to expand capacity at the AMRTC campus, those 50 beds will not be available until 2029.

In response to counties’ ongoing concerns, the 2023 Legislature acted to temporarily exempt counties from paying any cost share for those who are civilly committed as MI&D and are awaiting a transfer from one state-operated facility to another. This provision ended on June 30, 2025. Effective July 1, counties and local property taxpayers are again burdened with a cost share of \$14,075 million for FY26-27 and \$18,196 million for FY28-29. This cost is 100% related to the lack of the State’s mental health infrastructure. Therefore, MICA requests that the 2026 Legislature make the county cost share exemption permanent for those DNMC patients in line for a different state-operated bed.

## Exempt County Cost Share and Allow for Downward Adjustment of Cost of Care Charges for Persons at State Operated Facilities

***The MICA Board of Directors requests that, because counties are not able to influence when a person requiring mental health treatment is transferred from one state-operated facility to another, counties should not be billed for those days that the individual may not require “hospitalization” but is awaiting a bed for treatment at another state-operated facility.***



***Minnesota Statutes should be amended to exempt county liability for the cost of care when the county has no control over when the person requires the level of care of another state-operated service. In addition, downward adjustments of cost of care charges should be authorized where appropriate. Any county funds collected for non-acute days in which the person is awaiting community placement should be placed in a designated account to be used for development of local mental health initiatives. Finally, the State, by design, is the entity that provides safety net services for the most vulnerable adults and children who cannot be served by community providers due to the complexity of their needs.***

For many years, the Legislature’s response to the absence of adequate resources in health and human services has been to shift program costs to counties. In most cases, the dollars generated from these cost shifts flow back into the State’s General Fund – rather than being reinvested into the programs or facilities that generate them.

**Statutory Cost Shifts:** Under Minnesota Statutes, section 246.54, counties are required to pay 100% of the cost of care for “Do Not Meet Medical Criteria (‘DNMC’)” days when a state-operated facility determines a patient is clinically ready for discharge. This applies to individuals in the Anoka Metropolitan Regional Treatment Center (AMRTC), Community Behavioral Health Hospitals (CBHHs), or the Child and Adolescent Behavioral Health Hospital (CABHH) – even when the person is simply awaiting transfer to another state-operated facility. Counties have no authority over discharge or transfer decisions, yet they are billed for the full cost of care during this period. Moreover, individuals awaiting transfer are not receiving active treatment – they are merely housed in inappropriate settings due to the lack of available placements.

These daily costs are excessive and fall directly on counties who have no control over the duration or nature of these placements: AMRTC: \$2,492 per day; CBHH: \$2,033 per day; CABHH: \$2,421 per day

**Financial Impact on Counties:** The financial burden of DNMC days is significant and continues to grow. Since 2016, counties have expended local resources for costs at the three state-operated facilities as follows:

**2016-2024:**

- AMRTC: \$162,758 million; representing 101,464 non-acute days
- CBHH: \$34 million; representing 21,080 non-acute days

**2021-2024:**

CABHH (In July 2021, counties assumed a cost share for clients accessing services at the Willmar CABHH facility:

- \$4,031,601, representing 1,431 non-acute days

**COMBINED TOTAL FOR ALL FACILITIES (AMRTC/CBHH/CABHH) (2016-2024):**

- \$200,789,601, representing 123,975 non-acute days

Adjusting for temporary cost-share exemption for MI&D (mentally ill and dangerous population):

- 2023 credit: (-\$8,485 million)
- 2024 credit: (-\$10,171 million)

**NET TOTAL COUNTY COST FOR ALL FACILITIES: \$182,133,601 over nine years**



**System Challenges and Legal Considerations:** Under Minnesota Statutes, section 253B.18, subdivision 1 (b), treatment must begin once a patient is admitted pursuant to a commitment order. However, individuals awaiting transfer between facilities often receive no treatment during this period – only housing – because of the severe shortage of available placements. This bottleneck has ripple effects throughout the system:

- Patients who need hospital-level care (e.g., forensic commitment at St. Peter) cannot be admitted because beds are occupied by individuals awaiting transfer.
- As a result, individuals with severe mental illness are languishing in jails or unsuitable community placements.
- In some cases, the placement authority is not a county agency, yet the county is billed for DNMC days. For example, a Department of Corrections (DOC) patient under a Jarvis order was deemed DNMC within a week, but only the DOC could approve discharge. The county, however, was billed 100% of the cost of care for nearly three months.

To restore fairness and sustainability to Minnesota’s behavioral health system, MICA supports:

- State Responsibility for DNMC Days: The State should pay for DNMC days, as counties have no control over the timing of transfers or discharges between state-operated facilities.
- Amending Minnesota Statutes, section 246.54, subdivision 3: Require Direct Care and Treatment (DCT) to review cases where counties lack placement authority and allow for downward adjustments to DNMC charges.
- Dedicated Reinvestment: Direct county DNMC contributions to a dedicated fund for the development of local mental health initiatives.
- Reaffirmation of the State’s “Safety Net” Role: Recognize the State’s obligation to provide safety net services for adults and children with complex needs who cannot be served in community settings.
- Comprehensive Fiscal Notes: Require that fiscal notes for legislation include both State and county costs when both contribute to service delivery.

## Strengthen State Investment in the State’s Behavioral Health Care System\*

***The MICA Board of Directors urges the Legislature to provide funding to address investment in services and infrastructure needs for both state-operated and community behavioral health care services.***

\*To learn about MICA’s Behavioral Health priorities, see the addendum starting on page 71 of this document.



## FUND HOUSING AND HOUSING SUPPORTS

### Expand and Provide Sustainable Funding for Affordable Housing Stock

***The MICA Board of Directors supports the expansion and provision of sustainable funding for affordable housing for those at all income levels by investing in both preservation and new build.***

The shortage of affordable housing negatively impacts individuals, communities, employers, and county services. Homes are the building blocks to an individual’s economic opportunity and a community’s economic strength. The lack of affordable housing for those at all income levels, and particularly for those at 30% Area Median Income (AMI) and lower, continues to create and prolong housing instability.

MICA supports investment in the following housing resources:

- Prevention: Expand eviction-prevention resources to keep people in their homes.
- Rental Assistance and Landlord Supports: Continue to enhance and expand state rental assistance programs to complement Federal programs that are too small to meet the need.
- Safety: Additional investments in emergency shelter capital and services are needed beyond what was approved in the 2023 session.
- Support Services: Provide a dependable stream of funding for support services that help households maintain housing.
- Preservation: Preserve existing affordable homes.
- Creation: Create dedicated, permanent funding sources for affordable homes - in addition to current funding sources like local Housing Trust Funds.
- Workforce: Incentivize the construction of affordable homes in Minnesota communities for residential developments that encourage workforce housing.
- Ownership: Programs that support home ownership.
- Varying cost: Modernize Housing Support Program to ensure that the program reflects variation in housing costs across the state.

### Expand Metro-Wide Housing Support for People Experiencing Homelessness

***The MICA Board of Directors supports expanding metro-wide access to Housing Support Demonstration units by increasing total capacity to serve additional people experiencing homelessness.***

The Housing Support Demonstration project under Minnesota Statutes, section 256I.04, subdivision 3(a)(3), allows for the use of Housing Support as traditional rental assistance (30% of income toward rent) and support services for persons experiencing homelessness.

This legislation has been in place since 1997 and has proven to be successful in providing housing stability. In 2023, the Legislature amended the statute by adding the counties of Carver, Scott, and Washington so that residents of all seven metropolitan counties can now access the program. However,



the number of supporting housing units remains at 226 – there has been no increase since its 1997 inception.

MICA requests the following:

- The Housing Support Demonstration project, which now includes all seven metropolitan counties, should be aligned with the Metropolitan Supportive Housing Cooperative Agreement. Through this Cooperative Agreement, the seven metropolitan counties jointly administer the Housing Support Demonstration Project.
- Expand the capacity for up to 500 people to allow services for additional people experiencing homelessness across the metropolitan area. The Housing Coordinating Board shall distribute supportive housing units under this clause to eligible counties. Each eligible county shall receive a minimum allocation of 20 supportive housing units. If a county does not use its full allocation of supportive housing units, the unused units may be reallocated by the Housing Coordinating Board and may only be returned to the county to which the units were initially allocated if the county demonstrates a need for the additional units and the units are not already in use by another county.
- To align with Medical Assistance eligibility criteria under Minnesota Statutes, section 256B.051, subdivision 2(e), remove the requirements that, in order to receive Housing Support, a person must be discharged from a facility, and that 70% of the people served must be identified with a specific disability. Counties will still target people exiting facilities for this program but will have increased flexibility to address county-specific priorities.

## Invest in Provider and Staffing Shortages Impacting Individuals with Disabilities

***The MICA Board of Directors requests that the Legislature work toward creative solutions to address the staffing and provider shortages impacting people with disabilities.***

People with disabilities and their families are being impacted by a shortage of support staff and services to assist them to live and work in integrated, community settings. Workforce issues are long-standing within disability services, and while staffing shortages have been described as a crisis in Minnesota for at least the last ten years, the pandemic and related workforce shifts have made the issues far worse. Given that Minnesota’s workforce is not projected to grow much, if at all, over the next 30 years, long-term solutions will require creativity and ultimately less reliance on formal services.

MICA supports interventions to address workforce challenges and resulting impacts on people with disabilities, including:

- Stabilizing home and community-based services staffing through targeted wage increases;
- Maximizing flexibility in self-directed programs to increase informal support options for people;
- Simplifying paperwork and administrative requirements where they do not add value so that direct support staff can focus on direct support;
- Increasing availability of assistive technology to supplement paid caregivers; and
- Providing grants and technical assistance to mainstream organizations/businesses to promote inclusive communities and lessen demand for formal services.



## Fund Safe Harbor/No Wrong Door for Sexually-Exploited Youth

***The MICA Board of Directors urges the Legislature to develop a best practices-based continuum of care model for sexually-exploited youth, and to provide full funding to county human services agencies to implement the recommendations.***

Since 2015, the Legislature has made biennial appropriations to the “Safe Harbor for Sexually-Exploited Youth” program. These funds have supported emergency shelter; transitional and long-term housing beds; connected youth outreach workers to sexually-exploited and at-risk youth to secure appropriate resources; and provided professional training in the areas of trauma-informed, culturally-specific services.

Traditional services are not equipped to meet the complex needs of sexually exploited youth. As a result, some children are sent to out-of-state facilities at high cost and with limited success. The lack of coordinated care leads to fragmented services, re-traumatization, and poor long-term outcomes. To address these gaps, Minnesota must invest in a comprehensive coordinated care model that includes health care, mental and chemical health, aftercare and relapse prevention, family reunification, as well as general advocacy, legal, education, and employment services. Because primary service responsibility is placed with child welfare, funding should flow directly to county health and human services agencies.

Minnesota has taken important steps to protect sexually exploited youth. Now, it must go further by creating a robust continuum-of-care model that meets the full spectrum of needs. This investment will reduce long-term costs, improve outcomes, and affirm the State’s commitment to healing and justice.

## Support and Fund Implementation of the Minnesota Olmstead Plan

***The MICA Board of Directors urges the Legislature to provide adequate support and funding to counties for the necessary community-based, capacity-development efforts and increased costs of implementing the integration reforms under the Minnesota Olmstead Plan. Additionally, MICA urges legislative action to address the ongoing direct care workforce shortage, which poses a serious threat to meeting the requirements of both the Jensen Settlement and Olmstead.***

Minnesota has made progress toward compliance with the CMS HCBS Rule, the Jensen Settlement Agreement, and the Olmstead Plan, which aim to ensure people with disabilities live with dignity in integrated, community-based settings. However, a critical shortage of direct care staff threatens these efforts. Individuals struggle to access nursing, CFSS, transportation, and respite care, often relying on untrained family members.

To meet current and future obligations, the following actions are needed:

- Increasing subsidized housing units
- Raising reimbursement rates to attract qualified staff
- Expanding funding and flexibility for transportation services



MICA urges the Legislature to fund county efforts to build community-based capacity and address the workforce crisis. Counties must also be included in all planning processes to ensure effective, locally-informed solutions.

## Support the Closure of Unused Foster Care Beds

***The MICA Board of Directors supports modifying Minnesota Statutes to allow for the involuntary closure of unused corporate foster care beds for both adults and children and providing counties with notice when beds have been closed for a certain period of time.***

The current process for involuntary closure of corporate foster care beds should be expanded to include unused/vacant adult and child beds. Current restrictions prevent counties from maximizing existing capacity to meet the needs of individuals being placed. It also creates more licensed foster care capacity than may be needed by the county.

MICA supports the moratorium on new corporate foster care beds, as it helps us better control growth of this restrictive and costly service. Although we have a smaller percentage of disability waiver service recipients in this level of care, significant increases in waiver enrollment means we still utilize this service.

Today, it is only authorized for individuals with intensive support needs, creating, at times, a misalignment of resources. Many providers that have capacity (e.g., vacant beds) are not open to working with the individuals approved for this level of care. Because corporate foster care providers see beds as a commodity, they are rarely willing to close them, as they are not likely to ever regain that capacity due to the moratorium. This forces counties to request moratorium-exception beds and increase our overall capacity and licensing workload, while vacant beds remain unused.

DHS has stated that its authority regarding involuntary closures (Minnesota Statutes, sections 256B.493 and 245A.03, subd. 7(h)), is limited to entire sites (not individual beds) and not applicable to corporate child foster care sites. MICA supports expanding the current closure process to include unused/vacant corporate adult and child beds.

## Restore Local Flexibility in Family Residential Services Licensing Fees

***The MICA Board of Directors urges the Legislature to reverse the 2025 statutory change that eliminated local flexibility in setting family residential service licensing fees and, instead, mandated a uniform fee of up to \$2,100 at initial licensing or annual renewal. Counties should be allowed to determine licensing fees that reflect local conditions, capacity, and community needs – specifically for family residential service settings.***

Prior to 2025, Minnesota Statutes, section 245A.10, allowed counties to charge up to \$500 for “licensing inspections” for corporate foster care providers. The 2025 Legislature changed the process and fee structure, thereby allowing the State to collect an annual licensing fee of \$2,100. This increase will make family residential services financially unsustainable for many providers.



- Family residential service providers operate on extremely thin margins. A mandated \$2,100 fee, regardless of geography, scale, or local cost structure, will place many long-standing providers at risk of closing or choosing not to renew their licenses. The result will be fewer homes available across the state, especially in rural counties where providers have even less capacity to absorb cost increases.
- Family residential service providers play a critical role in Minnesota’s housing continuum by offering individualized, person-centered, least-restrictive living arrangements. As homes close due to the high, one-size-fits-all licensing fee, individuals will have fewer options to match their needs, preferences, and support levels. For many, this will directly compromise their ability to make individualized decisions about their housing.
- When local housing resources shrink, individuals may have no option but to enter more restrictive, and often more expensive, settings simply because no appropriate family residential service homes are available. This is especially concerning in rural areas, where housing alternatives are already limited and where a single closure can eliminate an entire region’s capacity.
- Family residential services are an essential component of Minnesota’s continuum of care. Reducing or destabilizing this option narrows the range of supports available and can result in premature or unnecessary moves to corporate foster care or facility-based placements. This contradicts Minnesota’s long-standing commitment to community inclusion and least-restrictive supports.

While cost containment is a legitimate goal, it should not come at the expense of housing choice, community integration, or local system stability. Other strategies such as administrative streamlining, targeted evaluation of cost drivers, or collaborative state and county fiscal approaches can achieve savings without eliminating crucial housing options for people with disabilities and older adults.



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## Strengthen the Local Public Health System to Protect Health and Safety of All Minnesotans Through Reliable Funding

***MICA supports the principle that a strong Local Public Health infrastructure is essential in the promotion of a healthy population. To achieve this end, the Board supports sufficient, stable, and flexible funding for the provision of required public health activities.***

The goal of Public Health is to prevent health problems or issues from occurring – where return on investment is greatest. A strong Public Health system provides communities with the ability to address health concerns early or even before they happen, while lessening the need for reactive and expensive treatment responses.

Protecting and promoting the health of the public is a fundamental responsibility of government at the federal, state, and local levels. Minnesota’s Local Public Health (LPH) system has long been regarded as one of the strongest in the nation. Recent data of Minnesota’s LPH System shows an infrastructure that is deteriorating and in need of support. The Foundational Public Health Services (FPHS) were developed in 2013 to define a minimum package of public health capabilities and programs that no jurisdiction can be without. An assessment of Minnesota’s Public Health System in 2023 found the capacity to carry out foundational responsibilities varies widely across Minnesota’s LPH jurisdictions. As a result, communities across Minnesota do not have the same access to the seamless, high-quality protections the public expects.

Financial support for LPH is made up of a complex set of funding sources, including categorical grants, fees/donations, local tax levy, and the Local Public Health Grant (LPHG). This myriad of funding sources makes it difficult for LPH to meet its mandate to respond, as required, to community public health needs.

The LPHG is a critical funding source that provides flexible funding for the foundation of the system across the state to meet mandated services. The 2023 Legislature provided public health system transformation grants in the amount of \$9.844 million in both FY24 and FY25 to LPH departments for foundational responsibilities. While this additional funding is helpful in supporting core public health services, it does not make up for underfunding over the past many years. More investment is needed to meet the needs of each community.

The MICA Board urges the Legislature to continue the State’s commitment to the LPH system that is focused and flexible at the local community level by reliably investing at the state and local level to ensure that basic protections exist, that all people are safe in their communities, and that aim to prevent health threats before they occur.

## Address Unfunded Mandates

***MICA encourages the Legislature to provide reliable funding and reimbursements to Local Public Health Departments for services mandated by the state but currently funded by county property taxpayers.***

Over the years, the Legislature has enacted numerous mandates for counties to provide a myriad of services. For example, the state requires the local public health system to investigate and control public



health nuisances, perform case management for children and pregnant women with elevated blood lead levels, and to conduct infectious disease-specific prevention and control activities. Sometimes (but not always), the mandates are accompanied by state funding, only for the funding to be later reduced or eliminated, or the county cost share increased, as dollars become needed to balance the state budget. The end result is that county property taxpayers end up picking up the tab.

MICA respectfully asks the Legislature to provide reliable funding for state-mandated services delivered by local public health currently paid for by county property taxpayers.

## Provide State Funding for the Supplemental Nutrition Assistance Program (SNAP) and the Women, Infant, and Children (WIC) Program

***MICA supports state funding to backfill lost federal funding for the SNAP and WIC programs, which provide assistance to thousands of low-income Minnesotans each month. Without state investment, the food benefit and increased administrative costs would again fall to counties which, in turn, would fall to property taxpayers.***

Until recently SNAP benefits were fully funded by the federal government, primarily through the U.S. Department of Agriculture (USDA). Recent action, however, has made changes that will impact both state and county budgets:

**Food Benefit:** Effective October 1, 2027, states will pay a percentage of SNAP benefit costs if their payment error rate (PER) is above 6%. Minnesota’s PER in 2024 was 8.98%, which would result in a state match of 10%, which DCYF estimates to be \$86 million based on 2024 data. It should be noted that the national PER average is 10.93%, but it is largely due to unintentional mistakes.

**Administrative:** Effective October 1, 2026, Minnesota will lose \$39 million, plus an additional \$2.25 million in SNAP outreach. This is due to the federal reimbursement rate being lowered from 50% to 25%. States will now pay 75%; counties administer the program, and currently, along with the state, pay the non-federal share for the program.

**Work Requirements:** Will be required of most adults aged 18 to 65, including parents with children over age 13 and former foster youth. Participants must work, volunteer, or train for 20 hours per week to avoid benefit reductions, with some exemptions for medical conditions or other situations. States are restricted from waiving requirements and protections for certain vulnerable groups, such as veterans, and people experiencing homelessness are no longer exempted. While the goal is to encourage more individuals to work, the administration of the program falls to the counties and will require additional resources to be able to ensure compliance.

**Interaction with Program for Women, Infants and Children (WIC):** WIC, funded primarily by the USDA, focuses on nutritious foods, nutrition education, breastfeeding support, and health care referrals for nutritionally at-risk infants, children up to 5 years old, and pregnant and postpartum individuals from households with low incomes. While not directly cut by recent federal changes, it is tied to other programs because participants are automatically eligible if they receive benefits from Medicaid and SNAP.



Cuts to Medicaid and SNAP will place significant strain on the WIC program. Families losing Medicaid coverage may increasingly depend on WIC for nutrition counseling, screenings, and health referrals that would otherwise be provided through healthcare providers. Simultaneously, reductions in SNAP benefits would leave households with pregnant women, infants, and young children with fewer resources to purchase nutritious foods, driving greater reliance on WIC food packages. These shifts would likely result in higher caseloads, increased demand for infant formula and child nutrition vouchers, and added stress on local clinic capacity and staffing. Because WIC is designed to address the specific nutritional needs of women, infants, and young children, such changes could compromise equity, reduce program effectiveness, and threaten long-term sustainability without additional federal and state support.

Other concerns:

- Client eligibility determinations (formerly reviewed annually) are now required to be completed every six months, which will likely result in families losing coverage.
- Finally, technological interoperability remains a challenge as the various systems do not talk to one another.

Counties should not be looked to as the default when there is a loss of state or federal funding; the SNAP and WIC programs should remain the responsibility of the state and federal governments.

## Provide Reliable Funding for Infectious Disease Prevention and Control

***MICA encourages the Legislature to provide reliable funding and reimbursements to Local Public Health Departments for infectious disease prevention and control efforts. MICA supports the state’s role in providing information and access to vaccines, which represents one of the core functions of Public Health as defined in Minnesota Statutes, section 145A.02, subdivision 1 (preventing spread of communicable disease).***

The global pandemic has shown the importance of a strong disease prevention and control infrastructure. LPH Departments are on the front lines of community-led efforts to flatten the curve of infectious disease transmission. These responses require on-going local surveillance, infectious disease expertise, health education, and an intricate understanding of community strengths and needs. LPH works in partnership with clinic/hospital systems, schools, the Minnesota Department of Health (MDH), and others to track the distribution and determinants of disease and to coordinate interventions. As demonstrated by COVID-19, it only takes one new virus to create a worldwide public health crisis. A dynamic, robust, and appropriately-funded LPH system is critical.

MICA supports provision of vaccines by local health departments, adequate and flexible funding for outreach and education on vaccinations, policy and funding to ensure that state vaccination laws are supported, and that the Minnesota Immunization Information Connection receives maximum use by immunization providers. MICA also supports direct funding allocations for vaccines for uninsured and underinsured people and the creation of statewide standing orders or protocols for vaccines by the MDH.

## Clarify “Medical Consultant” Role on Community Health Boards



***MICA supports the expansion of professionals who may serve as medical consultants on a community health board (CHB).***

Under Minnesota Statutes, section 145A.02, subdivision 5, “community health boards” are defined as the governing body for local public health in Minnesota, which includes counties and single cities in certain cases. CHBs are responsible for identifying local public health priorities and implementing activities to address the priorities (data analysis and utilization; health planning; partnership development and community mobilization; policy development, analysis, and decision support; communication; and public health research, evaluation, and quality improvement).

Current statute requires medical consultants to CHBs to be licensed as a physician. Legislation was introduced in 2025 (HF2393), which would expand the current statute (145A.02, subdivision 15), to enable osteopaths, physician assistants, advanced practice registered nurses, or nurse practitioners to serve in the role. This would be in line with other medical consultant statutes, such as the one for withdrawal management services.

## Allocate Stable Funding for Family Home Visiting

***MICA supports stable and sufficient funding for county-delivered home services that focus on prevention and aim to improve the health, development, and well-being of families.***

Home visiting programs address the State’s responsibility to provide basic protection and health promotion and support positive parenting to families with young children. Family home visiting programs that are “evidence-based,” “evidence-informed,” or recognized as a “promising practice” help give all Minnesota families access to services that can mitigate the negative impacts of poverty, improve maternal and early childhood outcomes, and set children on a trajectory for lifelong health and success.

Home visiting is a proven means of investing in the health and well-being of families, while avoiding high-cost remedial programming required when children are at risk for poor birth outcomes, neglect, or abuse. Families who engage in quality home visiting programs have shown:

- healthier pregnancies and infant brain development outcomes,
- fewer incidents of child abuse or neglect,
- improved school readiness,
- higher employment rates,
- lower public assistance utilization,
- lower need for special education,
- reduced racial and ethnic health disparities,
- reduced out-of-home placements, and
- reduced interactions with the corrections system.

The MICA Board supports stable base funding and adequate reimbursement from the State to support family home visiting programs as a high quality, preventive service for children and families.



## Prevent Youth Access to Nicotine, THC and Cannabis, Alcohol, Hallucinogens, and Other Substances

*MICA supports legislation that prevents youth access to addictive substances, including, but not limited to, nicotine, THC and cannabis, alcohol, hallucinogens, and other substances:*

- **Commercial Tobacco and Nicotine Prevention:** MICA supports policy and sustained funding for tobacco and nicotine prevention and cessation efforts. This includes referral services, integration of treatment and cessation into mental health and substance use treatment settings, tobacco-free environments, and policies that minimize nicotine and commercial tobacco use and exposure, such as preventing access to flavored tobacco and nicotine products.
  - MICA fully supports keeping traditional tobacco sacred within Indigenous communities.
  - MICA opposes the state preempting efforts of local government authority to enact tobacco and nicotine prevention policies.
- **THC and Cannabis Policy:** MICA supports policies that address the impacts of cannabis, THC, and hemp-derived cannabis, including monitoring of product safety, inspections, prevention of access to minors, and enforcement. MICA also supports policies and funding that address primary prevention, education, and awareness and policies that enhance local control, and reduce public health impacts. MICA also supports ongoing technical assistance for local governments around adult-use cannabis implementation and education.
- **Alcohol:** MICA supports strategies that reduce youth access to alcohol. According to the Minnesota Student Survey (2022), about one in 10 Minnesota youth in grades 8, 9 and 10 reported drinking alcohol in the past month, and about 4% reported binge drinking. Consequences related to alcohol use may be greater in youth because the brain is not fully developed. Youth who consume alcohol are at increased risk for acute alcohol-related injuries such as alcohol poisoning, alcohol-related motor vehicle accidents, and other unintentional injuries. In 2019, underage drinking cost the State of Minnesota more than \$747 million in health care costs, productivity losses, and other societal costs such as crime.
- **Hallucinogens (MDMA (3,4 methylenedioxymethamphetamine), psilocybin (mushrooms), synthetics, such as DMT (N,N-dimethyltryptamine), and LSD):** In 2023, the Minnesota Legislature created the Psychedelic Medicine Task Force to conduct comprehensive research into how to legalize these substances, while reducing conflicts with federal laws, as well as to summarize the scientific literature about their potential medical benefits for often chronic, treatment-resistant health conditions, and compare those to standard treatments now used for those health conditions. The Task Force released its report on January 1, 2025. While comprehensive, it is clear that much is still unknown regarding potential societal harms of these substances; MICA agrees with the recommendation that more research is needed in this area.

## Advance Technology and Use of Data to Support Efficiencies in the Provision and Coordination of Care

*MICA supports state and federal funding for the development and implementation of secure statewide systems for exchange of health information between agencies to improve the provision and coordination of care, as well as response to infectious disease. Further, providing summary data for evaluation and reporting across a multitude of sectors will*



***advance the work on prevention and early intervention of health concerns that impact our communities.***

LPH Departments use data to drive change. Interoperability and secure data sharing across sectors, such as the Minnesota Departments of Health, Human Services and Education, and LPH systems, is key to effectively identifying and addressing needs. In addition, the ability to securely share data allows for improved coordination of care and decreased costs due to streamlining workflows and processes presently used to gain and share data, as well as improving preparation for, and response to, public health challenges and emergencies.

Systems must be upgraded to utilize a common set of technical and language standards for the exchange of secure local and state data, which have been and continue to be developed by the Standards and Interoperability Framework at the federal level. Counties are committing significant resources, including funding and staff time, for technology and staff development related to the coordination and planning for health information exchange between local and state governments and the private sector.

The MICA Board supports:

- Funding for the upgrade of state and local health and human services systems to allow for data captured at the local agency to be securely exchanged with state agencies so data is accessible and useful for all, and more effective and coordinated care for individuals can be provided;
- Providing resources and support for the development and implementation of a statewide electronic, interconnected system for the collection and secure exchange of health data;
- Development of uniform policies and standards that are focused on and aimed at reducing barriers, enhancing business practices, streamlining processes, and evaluating consolidated data to measure and address health concerns;
- Development and implementation of a universal identification system that applies to children participating in one or more childhood programs to coordinate care without service duplication, as well as the exploration of a future adult universal identification system;
- Funding to support data literacy and data access;
- Expansion of the conditions and segmentation of the Health Trends Across Communities (HTAC) Dashboard; and
- Artificial Intelligence (AI) use in the governmental sector, particularly around data analytics.

## Support Opioid Prevention/Settlement Fund

***MICA appreciates the Legislature's approval of Minnesota's State and Local Opioid Settlement Agreement. MICA reiterates the importance that a portion of all funds be dedicated to support primary prevention models and to address the health issues around the abuse of opioids and other drugs. MICA also supports adding county representatives to the Opioid Epidemic Response Advisory Council (OERAC) and a streamlined reporting process.***

Opioid abuse is a major health problem in Minnesota. Data from the MDH shows that, from 2020 to 2021, opioid-involved overdose deaths increased by 43%. Non-fatal opioid-involved overdoses rose in the same period as well. Emerging synthetic opioids, more powerful than fentanyl, have become increasingly available. While other sources fund treatment and recovery for abuse, dollars to prevent the issue from happening in the first place are lacking. This growing issue continues to expand the



concerns around “diseases of despair,” which are impacting all ages and economic levels in Minnesota. Public Health work focuses on creating healthier communities through preventing abuse of any substance and thus decreasing the need for treatment and other expensive interventions.

In December 2021, Minnesota counties, cities, and the State of Minnesota announced an agreement to govern how funds from settlements with opioid manufacturers and distributors are to be distributed within the state. Under the agreement, Minnesota will be eligible to receive more than \$568 million over 18 years. Up to \$426 million of that will be paid directly to Minnesota counties and cities.

The MICA Board supports:

- Policies and funding which support primary prevention and harm reduction strategies at the local and state levels that address the health issues around the abuse of opioids and other drugs:
  - prevention strategies include addressing social/community norms, focusing on youth and culturally-appropriate models, increasing protective factors such as building assets that promote thriving communities, and collaboratives that decrease risk factors and access to substances; and
  - harm-reduction strategies include overdose prevention and peer recovery support and services.
- Expanded and equitable access to harm-reduction strategies, including both injectable and nasal naloxone, and legislation that holds distributors of these life-saving harm-reduction strategies harmless; and
- Additional county participation on OERAC. Other than one member from LPH, the current makeup of OERAC lacks county-specific representation. MICA supports adding representatives to include social services and sheriffs’ departments.

## Expand Coverage for Medical Assistance (MA) Services Delivered by Front-Line Health Care Providers

***MICA supports legislation that expands MA coverage for front-line health care provider services.***

Front-line health care providers, such as Community Health Workers (CHWs) and Community Paramedics (CPs), play a crucial role in promoting health among populations that have historically faced barriers to adequate care. However, the current reimbursement landscape for MA remains limited with regard to these services. As an example, only CP services provided through hospitals are eligible for reimbursement.

Research highlights the significant impact of CHW and CP services on improving health care outcomes. Because CHWs live in the communities they serve, they are uniquely positioned to function as connectors. They understand the cultural nuances, speak the local language, and know what resonates with community members. This enables them to effectively bridge the gap between health care providers and community, facilitating access to health services, while educating providers about the specific needs of the population. Numerous interventions that integrate CHW and CP services have been



associated with reductions in chronic illnesses, better medication adherence, increased patient engagement, enhanced overall community health, and lower health care costs.

The MICA Board supports:

- Increasing the reimbursement rates for both CHW and CP services;
- Expanding the list of reimbursable services for front-line health care providers to include:
  - home visits,
  - system navigation services to guide individuals through health care systems,
  - direct observed therapy,
  - home assessments for safely aging in place, including falls assessments, and
  - community health education, in both individual and group settings, which promotes behavioral change for chronic disease prevention;
- Expanding the list of entities that can be reimbursed for CP services to include services provided through LPH Departments; and
- Directing DHS to secure the appropriate waiver to allow for this reimbursement.

## Streamline Minnesota’s Food Safety System

***MICA supports streamlining Minnesota’s food safety system to eliminate complex licensing authority of food operations and removing barriers for starting food businesses.***

Oversight of Minnesota’s retail food system is split between the MDH and the Minnesota Department of Agriculture (MDA). This division of duties results in a confusing maze for food establishments when interacting with the system. Ensuring food safety for consumers and preventing foodborne illness is a fundamental public health responsibility.

The MICA Board supports:

- Unifying consumer retail food protection activities under the MDH and its existing delegated local partners by incorporating Minnesota Statutes, section 28A, into Minnesota Statutes, section 157, which would keep the retail food safety system accountable under the State Food Code and would be efficiently managed by one state agency; and
- Maintaining the authority over food supply and distribution, manufacturing, and farming with MDA, where the State Food Code does not apply.

These changes will improve the consistency of application of food regulations, make it easier for food establishments to interact with the system, improve regulatory adaptation to the ever-changing food industry, eliminate redundancy, and streamline costs.



# PENSIONS & GENERAL GOVERNMENT PRIORITIES

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## Maintain Current PERA Pension Plans and Strengthen Pension Fund Stability

***MICA urges legislators to maintain the state’s commitment to current local government pension plans, not increase employer contributions, and appropriate state funds to cover the full actuarial cost of state policy decisions if benefit changes are made.***

State decisions on local government pensions should continue to prioritize stabilizing existing funds and plans above expansion of pension benefits or any reduction of employee contribution rates.

Market gains and state policy actions over the past decade – including Laws 2018, Chapter 211<sup>i</sup> and increased employer contribution rates — have improved the stability of public pension funds. However, those funds have not yet achieved full actuarial funding. For example, as of July 1, 2024, PERA General Plan is 90.1% funded while PERA Police and Fire is 91.4% funded but with full funding projected to be nearly sixty years away given current participation, contribution rates, liabilities, and increasing duty disability claims.

Pension fund stability is not merely prudent financial management, it is essential to supporting inter-generational equity and fairness such that current contribution levels are aligned with the benefits current employees can expect to receive in future years. Even as current pension plans remain underfunded, however, there are increasing calls to enhance pension benefits for 911-telecommunicators and other public safety jobs. In 2025 the legislature created a working group to examine different plans for expanding coverage to 911 telecommunicators and probation officers. While those jobs are currently covered by the general plan, if any new pension benefit is created for that class of employees it should be funded by increased employee contributions. Counties are currently facing higher levy increases than they have in over 15 years, so as public employers they do not have the capacity to bear any new costs. Additionally, if any new pension plan is created it should clearly and narrowly state the purpose for why the legislature views this new class of employees as eligible for the benefit.

County employees are enrolled in the PERA general plan, which is a unique benefit that many private employers do not offer. For all employee groups, local employers set compensation levels and provide access to paid health care insurance, paid leave and leave accrual, employee assistance programs, and other benefits with the intent of attracting and retaining staff across a range of job functions, including in many roles that are emotionally and mentally stressful.

Consistent with maintaining pension stability, **MICA urges state policymakers to:**

- **not establish new differential pension benefits for separate classes of employees that increase employer contributions, and articulate clear parameters for enhanced benefits for differential benefits for any subgroup of employees; and**
- **provide state funding to cover the full actuarial cost if any differential pension benefit levels are adopted, including funding to prevent shifting of unfunded pension liability to other employees and to pay any increased employer contributions.**



## Modify Earned Sick and Safe Time Application to More Generous Leave

***MICA supports the Earned Sick and Safe Time (ESST) law but urges reversing the requirement that all ESST provisions apply to collectively bargained higher leave levels, and clarify that use of earned leave can be reasonably deferred when necessary to meet staffing demands for weather and public emergencies.***

Minnesota’s earned sick and safe time law sensibly sets a minimum level of earned leave time. All employers must provide one hour of earned time for every 30 hours an employee works, up to a minimum of 48 hours of earned time annually. And all employers must grant access to that minimum earned leave consistent with a uniform statewide standard. However, modifications enacted in 2024 effectively require that all ESST standards be applied to all collective bargained paid leave, including all leave in excess of the minimum 1 hour for 30 hours worked. In doing so, state law overrides existing, higher-earned leave agreements in ways that will allow for more expansive use of leave, at a higher cost, than was intended when local employers and collective bargaining units agreed to higher leave benefits.

For example, employers may have collectively bargained to provide multiple different paid leave ‘banks’ such as Paid Time Off (PTO), Vacation, Sick Leave, Sick Bank, Catastrophic Sick Bank, Compensatory Time, Accrued Flex Time, Floating Holidays, and Holidays. Because these leave banks “may” be used for personal illness or injury (see Minn. Stats. 181.948), beginning January 2025, those paid leave banks take on virtually all of the characteristics of ESST resulting in broader allowable usage, more accrued leave carry-forward, and consequently higher leave banks.

Additionally, the law still provides no clear pathway for counties to ensure sufficient staffing levels when critical services are most needed by the public. Under the modifications adopted in 2024, multiple employees may request ESST at the same time and the employer is required to accommodate all those requests unless a special collective bargained process is in place. Of particular concerns are positions for which the basic function of the job are most needed during weather or public emergencies, such as for deputies, jailers, telecommunicators, snowplow drivers or other essential workers. In contrast, during the pandemic, exemptions were made to ensure adequate staffing levels for certain safety critical roles.

In 2025 the legislature took small steps to address some of these concerns. Those changes allow employers to require notification of the need to use ESST by an employee that is unforeseeable as that is “reasonably required by the employer,” instead of the previous “as soon as practicable” allowance for employees. The also now allows employers to request reasonable documentation of the need for an employee to use ESST after two consecutive scheduled work days of an employee’s use of ESST. The previous law allowed an employee to request this documentation after three consecutive scheduled work days.

### **MICA supports and urges:**

- **reversing certain 2024 modifications to ensure employees can use all employer provided leave time consistent with the parameters that applied when those higher leave benefits were collectively bargained; and**
- **replacing the requirement that employers specially, collectively bargain to ensure staffing during weather and public emergencies, with clarification that use of earned leave can be reasonably deferred when necessary to meet staffing demands for weather and public emergencies.**



## Modify Paid Leave to Support Local Public Employer Flexibility in How Required Paid Leave Benefits are Implemented

***MICA supports moderating benefit stacking to appropriately recognize paid leave benefits local public employers already provide, and the need to ensure adequate staffing levels over time. MICA also supports amending Parenting and Pregnancy Leave to be concurrent with Paid Leave.***

Most local public employers have long provided collectively bargained paid leave, extended leave, and the opportunity to carry-forward substantial leave balances that can be used for various purposes, including for extended periods of illness and recovery. For example, the [independent actuarial evaluation](#) completed in April 2024 affirmed that:

- “according to reports from BLS, the average annual accrual rate is 7 days for private employers and 12 days for public employers, and the average limit on the number of carryover days is 39 days for private employers and 136 days for public employers” with higher sick leave balances for public employees.”;
- 92% of public employers provide sick leave benefits compared to 78% of private employers; and
- public employers in Minnesota are projected to have paid leave coverage for the full 7-day waiting period.

As structured, the new Paid Leave benefit may require local employers to contribute full paid leave premiums to cover up to 20 weeks of leave annually, in addition to the parallel employer-provided leave already available, and already being publicly funded. The lack of required coordination of benefits allows for utilization of employer provided leave and state paid leave in combinations that expands costs, including the cost to hire temporary employees or maintain higher staff counts to accommodate extended leaves.

**MICA supports modifications to the paid leave law to more appropriately recognize the paid leave benefits employers already provide.** These modifications could include setting additional caps on the amount leave that can be accessed over any three-year period, requiring some use of employer provided accrued leave balance, and capping the local public employer assessment at 50% of the statewide assessment.

Additionally, MICA supports:

- amending Minn. Stats. 181.943, the parenting leave and accommodation statute, to recognize parallel benefits concurrently available under the Paid Leave program. The Pregnancy and Parenting Leave law requires employers to provide a certain amount of unpaid leave for pregnancy and parenting. Current law already allows for the length of that required unpaid leave to be reduced by other overlapping laws, such as paid leave provided by the employer and leave taken for the same purposes under federal FMLA, but not for leave taken for the same purposes under the Paid Leave Law. Clarification is needed such that use of required unpaid leave works in combination with, and not in addition to, leave under Minn. Stats. 268B.27.
- amending the definition of “Employee” ([Minnesota Statutes, Section 268B.01](#), subdivision 17(d)) to exclude elected officials or persons appointed to fill a vacancy in an elected office. This same exclusionary wording is used to exclude elected officials from earned sick and safe time (ESST). Per Minnesota Statutes, Section 43A.17, Subd. 10, local elected officials benefits are set by local



compensation resolutions. Not amending the Paid Leave definition to ameliorate this conflict will effectively result in Paid Leave premiums being paid even though local elected officials cannot access the benefits.

## Provide Ongoing, Full Funding for the Public Safety Officer Benefit Account under Minn. Stats. 299A.465 and Clarify Duty Disability Treatment Benefit Provisions

***MICA urges the Legislature to provide annual funding at the level needed to fully fund the Public Safety Officer Benefit Account under Minn. Stats. 299A.465 and the new state-determined treatment benefits for peace officers and fire fighters experiencing work-related trauma and/or seeking treatment for mental injuries.***

### Benefit Implementation

MICA appreciates the collaboration undertaken by legislators and stakeholders in 2023 to establish a robust new treatment benefit that creates greater opportunity for full restoration of employee health and return to work. As the new law has been implemented, employers have experienced receiving such limited information on participating employee's absence from work that employers are challenged to meet their responsibilities. For example, some employers receive treatment bills to be paid without verification that treatment is being provided. In other cases, employers receive no notice regarding whether an employee will be returning to work or continuing to receive benefits until several weeks after the prescribed 12 weeks, or after the additional 8 weeks of treatment have passed.

The statutes should provide that PERA, an employee, or treatment provider must meet correspondence requirements at minimal intervals, such as within 5 days of the beginning of an absence for treatment, 5 days from the end of the initial 12-week treatment protocol and decision to continue, or 2 weeks from the anticipated end of treatment window. Similar notice and documentation of medical treatment and related bill payment expectations are in place for Paid Family Medical Leave (PFML). Whatever the timelines, the duty disability law should be revised to provide the employer with minimal treatment data such as start date, end date, and treatment week number, as well as requiring timely treatment invoices necessary to facilitate state reimbursement.

MICA does appreciate the work the legislature did in 2025, which changed the law so that an officer or firefighter who applies for duty disability benefits on or after May 23, 2025, the employer must provide and pay for continued health coverage for 60 months or, if earlier, age 65. The 60 month requirement, rather than the previous law which allowed health coverage through age 65, will help address the overall health of the county workforce and of the police and fire pension plan itself.

MICA supports:

- requiring specific and adequate communication, including timely documentation, between employers, employees, and PERA;
- holding employees and employers financially harmless while an employee is receiving treatment; and
- clarifying that employees may simultaneously access eligible mental health treatment while continuing to work if they are able to do so.



### Benefit Funding

Importantly, the costs of the required benefits are intended to be paid by the state, from the Public Safety Officer Benefit Account (Minn. Stats. 299A.465). However, the law is structured such that local employers pay, without guarantee of reimbursement, the health insurance for police officers and fire fighters granted duty disability due to injury in the line of duty, as well as dependents of officers and fire fighters injured or killed in the line of duty (Minn. Stats. 299A.465). Those costs are ongoing. Furthermore, the 2023 legislature appropriated only \$100 million of one-time funding for reimbursing the locally incurred costs. **MICA appreciates the work the legislature did in 2025 to address the cost concerns from public employers and the police and fire pension plan and urges the legislature to appropriate annual funding to fully cover the costs of these state-determined benefits to prevent those costs from shifting to property taxpayers once the one-time funds are depleted.**

## Do Not Expand the Current Law Presumption that PTSD Workers' Compensation Claims Are Employment-Related

***MICA urges the Legislature to maintain a limited presumption that PTSD Workers' Compensation Claims Are Employment-Related.***

Employment related post-traumatic stress disorder (PTSD) is an appropriately covered illness under the state's workers' compensation law for all employees. Since 2013, public sector employers and their insurers have covered claims for such illnesses for any worker who provides the required diagnosis of PTSD from a medical provider.

In 2019, although PTSD was already a covered illness, state law was amended to require workers' compensation coverage of PTSD for certain public safety employees unless rebutted by substantial factors. Public employers must cover PTSD claims regardless of whether the illness was related to the employee's current employment unless rebutted. That presumption should remain limited and should not be expanded beyond its current law application to certain public safety employees.

County employers value workplace safety and support financially appropriate and medically responsive health care to fully treat workplace injuries and illnesses. Requiring workers' compensation coverage for non-employment related illnesses is unfair to county taxpayers and undermines a basic tenant of workers' compensation when financial responsibility is shifted from a previous employer or the federal government onto counties. The incentives for employers to prioritize workplace safety, and training and equipment best practices, are strongest when financial accountability is aligned with the responsible employers and the federal government. Such alignment also helps ensure employees receive timely care through proactive diagnosis and treatment for PTS/PTSD illnesses.

An August 2025 report from the Department of Labor & Industry found that return to work rates were lower among presumption occupation workers, dropping below 60%. The decrease in return to work rates was mainly driven by police officers. The number of PTSD claims filed by workers in occupations covered by the rebuttable presumption was more than four times greater in the four and a half years after the presumption compared to the five years before the presumption. The study also found that only nine states have a rebuttable presumption and that of those nine Minnesota has one of the broadest definitions of eligible employees. Minnesota PTSD presumption may only be rebutted by "substantial factors" which is not defined in Minnesota statute, which the study found is a lower



standard than the “clear and convincing” standard that is used by most other states with a rebuttable presumption.

## Continue Prior Law Pertaining to Authority to Set “Staffing Ratios” in Employment Contracts

***MICA supports modifying provisions enacted in 2023 related to “staffing ratios” under Minn. Stats. 179A.03 and Minn. Stats. 179A.07 to clarify management accountability for staffing levels.***

A diverse and talented workforce is the number one asset county governments rely upon to provide essential services and services mandated by the state. To fulfill responsibilities, counties continuously balance a complex mix of factors, many of which are beyond the county’s control. Those factors include state and federal laws, limited budget resources, job market conditions, unforeseen disasters, changes in demand for services, emerging technologies, and changing public expectations. Further, meeting public expectations and statutory responsibilities often requires flexibility to respond to sudden, temporary or permanent changes in needed staffing. MICA supports clarifying statutes to ensure management accountability for budget resources and management, including staffing levels.

## Support Local Decision Making by Eliminating or Moderating State Requirements that Limit the Ability of County Boards to make Certain Compensation and Benefits Decisions

***MICA supports county employers’ flexibility to fully determine how certain county employee compensation and benefits are provided consistent with their long-standing respect for the collective bargaining process, and in ways that help manage rising employee health care costs while streamlining decision-making and processes.***

### Specifically, MICA supports:

- amending MS 471.6161, subd. 5 to allow public employers purchasing fully insured products to modify the aggregate value of group insurance contracts after meeting and conferring with exclusive representatives<sup>i</sup>;
- eliminating the required pooling of retirees with active employees for employee health insurance<sup>iii</sup>;
- repealing MS 471.617, subd. 4, requiring a local government that wants to self-insure employee health benefits to get the agreement of the exclusive representative of its largest union<sup>iv</sup>; and
- requiring that all insurance-eligible employees, not just the exclusive representative for the members of one bargaining unit, determine whether employees will join the Public Employee Insurance Program (PEIP). Further, the legislature should establish that coverage provided via PEIP should be subject to collective bargaining<sup>v</sup>.



## Maintain the Current Definition of Disabled Veterans and the Preference Points Awarded to Disabled Veterans in Recognition of their Service to Our Country

***MICA supports maintaining the current definition of disabled veterans and the preference points awarded to them for competitive promotional examinations.***

Existing law appropriately honors veterans for their sacrifices for our country by ensuring certain opportunities in hiring and promotion. Counties support robustly continuing those practices, but they do not need to be expanded. Under current law, disabled veterans with a 50% or greater disability rating enjoy a 5-point preference in competitive promotional exams. In addition, disabled veterans also receive preference points on competitive open exams. The existing preference grants significant advantages for eligible veterans over non-disabled veterans and other employees for competitive promotional examinations. Expanding the definition of disabled veteran for competitive promotional exams would reduce the preference currently granted to more severely disabled veterans.



# ENVIRONMENT PRIORITIES

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Help Mitigate the Spread of Aquatic and Terrestrial Invasive Species	62
Expand Funding Opportunities to Repair and Replace Problematic Septic Systems	63



## Maintain Waste-to-Energy (WTE) as an Eligible Energy Technology Under State Renewable Energy Standards

***MICA supports state policies that support waste as an eligible fuel and waste-to-energy as an eligible energy technology that can contribute to meeting a utility’s renewable energy standards (Minn. Stat. §216B.1691).***

Minnesota counties managed over 6.4 million tons of waste in 2024 alone.<sup>3</sup> With steady increases over time, we must ensure that all available tools to reduce reliance on landfilling continue to be available. While counties continue to invest in programs to expand waste reduction, reuse, and recycling, resource recovery through WTE is another vital strategy to achieving Minnesota’s waste management hierarchy goal of minimizing landfill disposal.

Landfilling remains the most common disposal solution in Minnesota, increasing from 2.313 million tons in 2023 to 2.327 million tons in 2024<sup>4</sup>. Despite the efforts of county environmental services teams, Minnesota’s recycling rate decreased from 45.3% in 2023 to 44.7% in 2024,<sup>5</sup> showing that significant funding and policy changes are needed to move our state entirely away from landfilling.

In the meantime, resource recovery can complement Minnesota’s recycling and zero-waste goals. In 2024, WTE facilities in Minnesota processed 1.2 million tons of waste, a slight increase from 2023 that ultimately kept more waste out of landfills.<sup>6</sup> Counties have also invested in emerging technologies such as optical sorters and magnets so that WTE facilities are capturing materials that can be recycled, helping to increase the state’s recycling rate.

MICA supports the goals of Minnesota’s clean energy standard and urges the state to consider WTE as an eligible technology under this law. Resource recovery facilities reduce overall greenhouse gas (GHG) emissions when compared to the most likely waste disposal alternative, landfilling<sup>7</sup>. WTE also addresses transportation logistics challenges and additional GHG emissions, allowing local governments to manage waste productively without trucking to other regions of Minnesota or even out-of-state. Moreover, a recent independent study of Minnesota WTE facilities commissioned by the Minnesota Resource Recovery Association (MRRRA) indicates that the WTE process eliminates nearly all PFAS, preventing additional contamination of our land and water were this waste to be disposed of in landfills.<sup>8</sup> Allowing WTE under the state’s carbon-free standard will provide the structural and financial incentives needed for continued county investments in solid waste infrastructure that promotes reduction, reuse and recycling while minimizing landfilling.

## Provide Funding and Support Policy that Strengthens Solid Waste Management

<sup>3</sup> Minnesota Pollution Control Agency, 2024 SCORE Report

<sup>4</sup> Minnesota Pollution Control Agency, 2024 SCORE Report

<sup>5</sup> Minnesota Pollution Control Agency, 2024 SCORE Report

<sup>6</sup> Minnesota Pollution Control Agency, 2024 SCORE Report

<sup>7</sup> Minnesota Pollution Control Agency comments, MPUC Docket No. E-999/CI-23-151, June 28, 2024, page 5

<sup>8</sup> Barr Engineering Co., Study of the Fate of PFAS through Resource Recovery Facilities, September 2025



***MICA encourages increased investments in proven strategies for managing solid waste consistent with the existing waste hierarchy. Specifically, we support:***

- ***funding solid waste management capital infrastructure and investments in emerging waste management technologies, such as for anaerobic digestion and carbon sequestration;***
- ***maintaining support for effective product stewardship programs by protecting the gains made with the passage of the Packaging Waste and Cost Reduction Act in 2024 and expanding this model to other waste categories such as batteries and electronic waste;***
- ***allocating 100% of solid waste management tax (SWMT) collections to county solid waste management activities by redirecting revenue from the General Fund to Select Committee on Recycling and the Environment (SCORE) grants; and***
- ***fully restoring funds previously transferred out of the Closed Landfill Investment Fund (CLIF) and ensuring both CLIF and Metropolitan Landfill Contingency Action Trust (MLCAT) funds are used only for their intended purpose of managing the long-term care of closed landfills.***

MICA’s 17 member counties manage nearly half (44%) of the solid waste generated in the state<sup>9</sup>. As they strive to meet state-mandated recycling goals by 2030, counties have taken innovative, multifaceted approaches to achieving the solid waste management hierarchy as defined in Minn. Stat. §115A.02. MICA will continue to work with all stakeholders to:

- reduce the amount of waste generated,
- reduce the toxicity of waste,
- separate and recover materials and energy from waste, and
- reduce dependence on landfilling.

MICA also supports increased regional and state-level planning and coordination of waste management activities, so that available resources may be better deployed to make an impact in all regions of the state. This includes allowing counties to address complex waste and recycling challenges by creating more effective regional integrations of local waste management programs.

**Fund Solid Waste Capital Infrastructure Projects**

State leadership and investments in solid waste infrastructure are necessary to support county-level innovation. In recent years, county governments and their partners have been leading investment in and exploration of promising, but costly, technologies such as anaerobic digesters, carbon sequestration, leachate management and sorting and use of organics materials like food waste. Increased state funding for the Capital Assistance Program (CAP) is critical to ensure that waste management infrastructure across the state can achieve optimal reuse and recycling, while minimizing landfilling and protecting public and environmental health. We urge full capital infrastructure funding to expand recovery of recyclable materials and improve opportunities to use state funds for climate friendly strategies. Building on the \$6 million in CAP funds appropriated in the 2025 bonding bill, the MPCA’s preliminary capital budget request to Minnesota Management and Budget (MMB) puts the statewide need for CAP funding at \$59.3 million.

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<sup>9</sup> Minnesota Pollution Control Agency, 2024 SCORE Report



Additionally, MICA supports the MPCA’s full request of \$118 million in bonding and cash funds to update existing construction and demolition (C+D) landfills and build out new C+D materials management systems across the state. Recent studies have shown that C+D landfills pose a greater risk for groundwater contamination than previously understood, and as such, the MPCA has proposed new regulations governing these sites. As these rules go into effect, this funding will be essential for the 40 local governments who own and operate C+D facilities to properly design, close and construct new cover systems for unlined landfills, as well as develop new transfer stations and mixed-use facilities to replace existing sites. Overall, a robust bonding package that includes significant funding for solid waste infrastructure projects will provide additional, more accessible options for communities across the state to safely dispose of waste.

### **Maintain Support for Effective Product Stewardship**

Manufacturers and producers are often best positioned to help mitigate end-of-life disposal of potentially hazardous and bulky products in the waste stream. MICA appreciates the significant steps taken in 2024 to reduce the quantity of packaging waste and paper products entering landfills and will continue to support efforts to protect those gains while fighting to expand this model to other waste categories such as batteries and electronic waste (e-waste).

Minnesota’s current e-waste law is outdated, with counties shouldering most of the financial and operational burdens for keeping these products out of landfills and disposal facilities. Counties have tried to keep up with a rapidly evolving battery and electronics market, but the current approach creates barriers to making safe disposal methods equally available to all consumers and ultimately increases costs for local governments. Legislative action is needed to ensure that the industries responsible for designing and producing batteries and electronics cover the full cost of managing these products, from collection to transportation to recycling.

### **Redirect SWMT Revenues from the State General Fund to SCORE Grants**

Counties are mandated to lead solid waste management activities by the state. This work must align with a legislatively defined waste management hierarchy that prioritizes reduction, reuse, and recycling efforts, also known as SCORE-related activities. Programs funded by SCORE include household hazardous waste collection sites, food waste management and prevention, public education campaigns and initiatives to engage businesses and other major producers of waste in recycling efforts. Yet state funding makes up only 20.1% of all spending on SCORE programming, with local and other revenues contributing the other 79.9%<sup>10</sup>. Additionally, it’s only getting more expensive to responsibly manage waste; more than \$109 million was spent on SCORE-related activities in 2024, a year-over-year increase of \$8 million (and a \$15 million increase since 2023).<sup>11</sup>

While MICA appreciates action taken in 2023 to dedicate an additional 3% of solid waste management tax (SWMT) revenue to SCORE grants under current law (Minn. Stats. 297H.13), counties are still consistently spending more on managing solid waste than we receive from existing state funding sources. Unfortunately, 27% of SWMT revenue continues to be deposited into the state General Fund rather than going toward its intended purpose of managing solid waste. This historic lack of investment threatens county efforts to meet state-mandated recycling goals by 2030. To resolve this, MICA recommends the legislature redirect all SWMT revenue going into the state General Fund to SCORE grant distributions under Minn. Stats. 115A.557.

<sup>10</sup> Minnesota Pollution Control Agency, 2024 SCORE Report

<sup>11</sup> Minnesota Pollution Control Agency, 2024 SCORE Report



Further, we would support an evaluation of SWMT rates to identify opportunities to better align with the environmental risk and quantity of waste generated across waste stream categories. For example, mixed municipal solid waste (MMSW) makes up about 40% of all waste generated in Minnesota but accounts for about 95% of SWMT revenue.<sup>12</sup> In contrast, poorly categorized industrial waste represents about 35% of the total waste stream and only 5% of the tax revenue.<sup>13</sup> Lower SWMT rates also apply to construction and demolition (C&D) waste, which is often mixed in with MSW, and provides an incentive to dispose of MSW with C&D waste. MICA supports aligning the SWMT tax structure with waste reduction and recycling goals, as well as broader environmental policy objectives.

**Restore Funding to Closed Landfill Investment Fund and Maintain CLIF and MLCAT Funds for Intended Uses**

There are currently 112 landfills across Minnesota in the Closed Landfill Program<sup>14</sup>. The Minnesota Legislature created the Closed Landfill Investment Fund (CLIF) to ensure that funds are available for costly, essential post-closure care of state-permitted mixed municipal solid waste facilities. Since 2022, the Minnesota Pollution Control Agency (MPCA) has used CLIF to monitor for emerging contaminants, install drinking water mitigation to affected properties, assess leachate and landfill gas and develop mitigation strategies, and work on design and construction for necessary landfill repairs and upgrades.

A 2010 law transferred \$48 million out of the CLIF and into the state’s General Fund along with express language requiring repayment of the funds plus lost interest and investment earnings over the FY2014 to FY2017 period. The first scheduled repayment was made in 2014 along with the lost interest and investment earnings. However, the remaining three scheduled repayments were repealed in 2015. No further action has been taken to restore CLIF funds even though the total long-term care obligation for the landfills covered by CLIF is estimated to be at least \$305.3 million over 30 years.<sup>15</sup> By comparison, the CLIF balance was about \$158.8 million as of December 2024.<sup>16</sup>

MICA appreciates the statutory county notification requirements enacted in 2024 when CLIF or Metropolitan Landfill Contingency Action Trust (MLCAT) funds are proposed to be repurposed, and would strengthen these rules to require county approval, not just notification. MICA also supports allocating one-time funding to fully restore CLIF resources and increased transparency on how CLIF funds are spent.

**Develop Tools and Resources to Help Productively Manage Wood Waste**

***MICA supports state policies that embrace new and emerging technologies, align state waste and energy goals, and address the strain placed on local governments to manage diseased and damaged trees.***

<sup>12</sup> Minnesota Department of Revenue, Solid waste management tax receipts, January-December 2024  
<sup>13</sup> Minnesota Department of Revenue, Solid waste management tax receipts, January-December 2024  
<sup>14</sup> Minnesota House Fiscal Analysis, Environment and Natural Resource Related Accounts and Funds, January 2025  
<sup>15</sup> Minnesota Pollution Control Agency, Closed Landfill Investment Fund: A report on the MPCA’s past use of the fund and why it is needed in the future, March 2021  
<sup>16</sup> Minnesota House Fiscal Analysis, Environment and Natural Resource Related Accounts and Funds, January 2025



The spread of emerald ash borer (EAB) and other diseases, paired with increasingly severe weather, have contributed to rising tree waste volume in Minnesota. As of August 2025, EAB has infested trees in 59 Minnesota counties, including all 17 MICA counties.<sup>17</sup> The Minnesota Department of Agriculture (MDA) notes the significant costs to plan for and manage EAB infestations, including treatment and removal of infected trees, disposal of wood waste, and reforestation.<sup>18</sup> Additionally, storm damage has become a major source of wood waste, and the availability of federal emergency grant funds to cover related costs has become unreliable.

Current wood waste markets are saturated, with counties having limited options for their residents to appropriately dispose of waste, and landfilling and stockpiling wood are not viable as large-scale strategies. With a lack of resources to manage wood waste in a productive way, many counties have reported an increase in open burning, adding to air quality concerns.

As part of a comprehensive strategy to support responsible, beneficial disposal of growing amounts of wood waste, MICA supports:

- a state-led strategy to develop wood waste management infrastructure aligned with Minnesota’s waste management hierarchy and Climate Action Framework;
- continuing funding, education, and expertise to slow spread of EAB;
- increasing state funding to assist counties and communities to purchase the technology to process tree waste for energy production, and incentivize manufacturing of wood waste utilization projects; and
- allowing energy production facilities to use wood waste generated by disease or storm damage under the state’s carbon-free standard.

In addition, MICA also urges consideration of state policy and funding to support and align with other biomass potentials, including the production of sustainable aviation fuel or biochar using wood waste and anaerobic digestion.

## Advance Statewide Coordination to Address Per- and Polyfluoroalkyl Substances (PFAS) Contamination

***MICA supports state-led strategies and investments in technology to assist local governments with the monitoring and mitigation of PFAS contamination, including as part of landfill leachate management.***

Emerging contaminants, such as per- and polyfluoroalkyl substances (PFAS), a group of nearly 5,000 different synthetic chemicals that are used widely in products and industrial processes, have become an increasing concern for the risks they pose to our health. The U.S. Environmental Protection Agency recently released new regulations governing PFAS in drinking water, including a an enforceable standard, or Maximum Contaminant Level (MCL), of 4 parts per trillion.<sup>19</sup> Under the Safe Drinking Water Act, public water systems are required to meet MCLs for contaminants, but multiple public water systems in Minnesota exceed drinking water guidelines.<sup>20</sup> Additionally, private wells have been found

<sup>17</sup> Minnesota Department of Agriculture, Emerald Ash Borer Status Map

<sup>18</sup> Minnesota Department of Agriculture, Emerald Ash Borer Management Guidelines

<sup>19</sup> Minnesota Department of Health, PFAS Standards for Drinking Water

<sup>20</sup> Minnesota Department of Health, Interactive Dashboard for PFAS Testing in Drinking Water



by the MPCA to exceed state health-based values, including those in communities who do not have access to settlement funds to support their efforts to treat this contamination.

Today, county governments are facing the consequences of PFAS contamination, including in landfill leachate, that is the result of decades old disposal practices. For example, in 2023 the MPCA found that 98% of assessed closed landfills counties contained PFAS, with PFAS levels at 62 sites exceeding MDH drinking water guidance values.<sup>21</sup> As residents learn of possible contamination in their communities, they look to their local leaders to provide answers and take action.

With stronger practices in place to help prevent continued PFAS contamination in Minnesota, more state support is needed to help address the mitigation of past contamination. Minnesota's newly adopted Drinking Water Action Plan identifies a lack of infrastructure (including physical infrastructure, workforce, and data) as a major barrier to addressing PFAS contamination in public water systems.<sup>22</sup> MICA supports the many strategies and tactics outlined in this plan, and advocates for increased state coordination of Minnesota's PFAS response. Local governments are not equipped to assess new technologies aimed at treating PFAS contamination, nor do they have access to the resources needed to fully fund and maintain these projects. Minnesota's state agencies must do more to support counties with technology and expertise as they work to provide safe drinking water for their communities.

MICA supports technical assistance to identify and eliminate PFAS contamination sources and increased funding to local communities and private well owners for PFAS mitigation. The inclusion of \$6 million to address emerging contaminants in the 2025 bonding bill is a strong start, and MICA urges full funding for the MPCA's preliminary request for \$25.7 million in additional bonding dollars for priority projects addressing new contaminants.

## Promote Statewide Groundwater Protection Strategies, Including Testing, Monitoring and Mitigation of Nitrates and Other Contaminants.

***MICA supports strengthened incentives and increased funding to monitor groundwater and prevent and mitigate groundwater and drinking water contaminants.***

Groundwater and private well testing completed by the Minnesota Department of Health (MDH), Minnesota Department of Agriculture (MDA), counties, and other local organizations have documented contamination above safe drinking water standards in private wells across the state. Unlike residents on public water systems, private well owners are generally responsible for testing and treating their own water, raising concerns about equitable access to safe drinking water and costs for treatment. When individual well owners have drinking water that exceeds MDH's recommended standards, it can cost hundreds of dollars per year to maintain a household water treatment system.

Nitrate continues to be a groundwater contaminant of concern in Minnesota. Of the 32,000 private wells tested in MDA's most recent Township Testing Program, nearly 3,000 households exceeded the MDH standard of 10 mg/L, and in some townships more than 40% of the private wells exceeded the

<sup>21</sup> Minnesota Pollution Control Agency, PFAS and Closed Landfills

<sup>22</sup> Minnesota Drinking Water Action Plan, October 2025



standard.<sup>23</sup> Many of these townships with elevated nitrate levels are located in southeastern Minnesota, areas with karst geology, and within the Central Sand Plain's region. Several of these counties are not included in the state's current response to the EPA to address nitrate contamination and are not eligible for funding appropriated during recent legislative sessions.

Naturally-occurring contamination is also a concern for private well owners. Arsenic is detected in 40% of wells statewide, of which 10% exceed the MCL of 10 µg/L.<sup>24</sup> However, no amount of arsenic is considered safe.

Due to the nature of groundwater, regional and statewide approaches are required to prevent further deterioration of groundwater and help ensure equitable access to safe drinking water. Monitoring, testing, mitigation and financial incentives aimed at expanding the application of best management practices are proven strategies to respond to existing contamination while accelerating prevention efforts.

MICA urges the legislature and relevant state agencies to increase funding and expand strategies to prevent nitrates in groundwater and support private well owners beyond Minnesota's southeast region, including:

- further incentives for implementation of pollution prevention best management practices and strengthening tools to identify and eliminate contaminant sources; and
- developing resources to mitigate existing contamination, expanded education and testing opportunities for residential well owners, and a long-term funding source for private well owners to address drinking water concerns.

## Help Mitigate the Spread of Aquatic and Terrestrial Invasive Species

***MICA supports efforts to manage the spread of aquatic invasive species (AIS) and terrestrial invasive species (TIS).***

Aquatic invasive species (AIS) Prevention Aid was enacted in 2014 to better engage counties in the fight against AIS. This program has been critical for making resources available to mitigate AIS' threat to the state's water quality, fisheries, and tourism. Counties have mobilized inspectors and wash stations at public accesses and implemented new tools to reinforce the DNR's efforts to slow the spread of AIS. However, this progress will be jeopardized by the decision to cut AIS county aid by 50% starting in 2027. MICA counties will lose nearly \$1.64 million in funding for AIS prevention activities, with Crow Wing, Otter Tail and St. Louis counties seeing the greatest funding losses.<sup>25</sup> Without this sustained funding source, nearly all MICA counties plan to significantly reduce AIS mitigation efforts rather than backfill spending with levy funds. While we hope that increased watercraft fees passed during the 2025 session will help enhance state-level AIS programming, we are concerned about the irreversible consequences to our state's bodies of water, and the economies built around them, caused by divestment from local government activities.

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<sup>23</sup> Minnesota Department of Agriculture, Township Testing Program Update, May 2022

<sup>24</sup> Minnesota Department of Health, Arsenic in Well Water

<sup>25</sup> 2026 Aquatic Invasive Species Prevention Aid Certification, Minnesota Department of Revenue



Terrestrial invasive species (TIS) plants pose serious threats to land managed by landowners and local governments, with substantial negative impacts on statewide timber harvesting and woodlot management, hunting, and tourism. Invasive plants are overrunning formerly productive woodlots, parks, forests, and grasslands, decreasing their economic value and ecological benefits. Effective invasive plant management requires knowledge, planning, and funding for on-the-ground efforts. However, state funding, if any, has been sporadic and inadequate, making it difficult for local governments to implement consistent and effective mitigation efforts. New funding for county agricultural inspectors, passed in 2025, will help provide more steady resources to support noxious weed control programs.<sup>26</sup>

## Increase Funding for Repair and Replacement of Problematic Septic Systems

***MICA supports ongoing and increased state funding to financially assist landowners with replacement of non-compliant septic systems.***

Failing septic systems pose a significant risk to groundwater and human health. The need for assisting property owners with repair and replacement is constant and growing as new septic systems are installed each year and existing systems reach the end of their useful life. Given the demonstrated success of state grant programs at incentivizing water quality improvements, MICA supports continuing and increasing base funding for septic system replacement efforts either through direct grant funding or the Agriculture Best Management Practices (AgBMP) loan program at levels more closely aligned with annual demand. MICA also supports specific action to address needs for community septic systems, which are often ineligible for state program funding.

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<sup>26</sup> 2025 Laws of Minnesota, Chapter 34, Article 1, Section 2, Subd. 2(g)



# CORRECTIONS & PUBLIC SAFETY PRIORITIES

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## Ensure Access to Appropriate Mental Health Services for all Youth, and Provide Juvenile Facilities the Resources and Expertise Needed to Address Mental Health Illnesses

***MICA urges the 2026 Legislature to provide youth with access to the mental health services they need to minimize intersections with the justice system and provide the resources and expertise to allow for appropriate placement and mental health interventions for justice-involved youth.***

Youth with mental health conditions are at high risk for involvement with the criminal justice system. Providing more robust and appropriate mental health to at-risk youth may prevent them from becoming justice-involved youth. Adequate and equitable access to youth mental health services through parental and family support, schools, and community and social services is needed. For youth who do encounter the justice system, the State should fund programming and appropriate non-secure facilities. Detention facilities should not be the default placement option due to lack of access to appropriate services, facilities, and trained staff.

The lack of and inadequacy of appropriate facilities is a crisis. One member county reports having to use its administrative center as a temporary non-secure facility for juveniles due to a lack of access to more appropriate space. Multiple counties report having to place youth far outside the state, even though it is typically best to provide services in the community, with the support of family, schools, friends, and community members.

Justice-involved youth typically face a plethora of daily challenges, such as poverty, mental illness, and trauma that often require individualized treatment solutions. Counties are responsible for treating and caring for youth who are often at the height of their illness, yet a secure detention facility is almost never the appropriate setting for youth needing mental health and counseling support. At the same time, many non-secure facilities do not have the trained staff, capacity, or State policy support to accept youth with assaultive behavioral patterns, or the location of an available facility is a long distance away, or even out of state.

Effective youth diversion and intervention initiatives can reduce contact with the criminal justice system by providing services that mitigate conditions contributing to criminal behavior such as substance use disorders, mental health conditions, and other challenges.

MICA supports funding and policy solutions that:

- expand access to appropriate and proximately-located facilities,
- improve availability of trained juvenile detention employees and mental health expertise for youth,
- increase funding for needed, individualized programming for justice-involved youth, and
- ensure that state law and policy infrastructure support both youth and the tools needed by professional staff to safely treat youth assigned to their care.



## Strengthen the Mental Health Continuum of Care, and Ensure County Jails are not used as Default Placement for Individuals in Need of Mental Health Treatment Services

***MICA encourages the 2026 Legislature to strengthen the statewide mental health continuum of care, ensure that capacity exists to treat mental illness through access to appropriate therapeutic placement and mental health expertise such that jails, and detention facilities are not used as a default placement for individuals needing mental health treatment services.***

County jails have increasingly become a default housing placement for adults struggling with mental illnesses due to a lack of adequate facilities and access to treatment expertise. Local sheriffs estimate between 25% and 30% of jail inmates suffer from diagnosed and undiagnosed mental illness. Many counties have invested increased funding to modify county jails to provide safer spaces for individuals experiencing mental illnesses.

However, county jails are not the appropriate placement for treating mental illness. A strengthened statewide mental health continuum must address the increasing dependency on jail facilities.

Counties are responsible for treating and caring for inmates that are often at the height of their illness. Ensuring public and inmate safety by providing effective support for these individuals requires both appropriate facilities and access to the range of evidence-based services needed to meet individualized needs. Counties have been leaders at implementing collaborative emergency response models that integrate the expertise of law enforcement, social service, and mental health experts, through both ongoing community services and call response. Those efforts are critical to a safer and more effective initial response but are not the ongoing access to mental health treatment services and expertise needed.

MICA supports a strengthened mental health continuum of care that includes not only investment in more appropriate care facilities, but also policy and funding solutions to develop, train, and employ or access the mental health experts needed to support mental health care in settings appropriate for the individuals being served. For public safety and corrections, that comprehensive funding and policy should include support for the work of county law enforcement, jails, and social service experts, while minimizing the dependence on county jails to house individuals needing mental health treatment and care.

## Full Funding for Probation Services and Community Supervision that is Annually Adjusted to Support Ongoing Policy Reforms

***MICA urges the 2026 Legislature to fully fund community supervision under Minn. Stat. § 401.10, consistent with periodic workload studies, and to support annual appropriation adjustments that maintain adequate state funding for ongoing policy reforms and implementation efforts across all counties.***

MICA appreciates the Legislature’s action in 2023 to increase state funding for probation services and supervised release by \$43 million annually, with all funds allocated through a single, statewide funding formula. This new model was accompanied by expanded expectations for the use of evidence-based



practices, as well as enhanced data collection, training, and reporting to ensure consistent and equitable supervision services across Minnesota.

However, the workload study that guided the 2023 legislation identified a need for \$56 million to achieve full funding, \$13 million more than was appropriated. The most recent updated workload study suggests that the formula remains approximately \$10 million underfunded. This funding gap continues to challenge counties’ ability to meet statutory supervision standards, maintain caseload balance, and deliver quality programming statewide.

Further, counties are anticipating increased demands on supervision services as a result of the Community Supervision Advisory Committee (CSAC) recommendations aimed at strengthening statewide standards, consistency, and accountability. MICA supports this work and emphasizes that the implementation of these improvements will require sustained and enhanced state investment to ensure counties have the necessary tools, staffing capacity, and resources to meet these higher expectations.

Community supervision, including probation and supervised release, is essential to public safety and a cornerstone of Minnesota’s criminal justice system. Full and ongoing state funding is critical to achieving the goals envisioned by state law and the Department of Corrections, particularly as the Minnesota Rehabilitation and Restoration Act (MRRRA) moves toward full implementation and further increases reliance on community supervision.

MICA urges the 2026 Legislature to:

- Fully fund probation services and supervised release consistent with the most recent workload study and the single statewide funding formula for all counties.
- Provide counties the tools and resources necessary to address the current funding gap and sustain service levels required by evolving state standards and reforms; and
- Strengthen the intersection between community supervision funding and the MRRRA by:
  - Clarifying the procedures by which cost savings will be measured under Minn. Stat. § 244.40;
  - Clarifying the procedures by which 25% of MRRRA-generated savings will be distributed to counties for probation and supervised release; and
  - Considering strategies for providing real-time, rather than lagged, adjustments to community supervision funding allocations upon implementation of MRRRA.

Finally, MICA supports annual increases in state appropriations for community supervision to ensure funding keeps pace with inflation, workload growth, and the enhanced expectations emerging from CSAC’s work and statewide reforms.

## Bail Reforms Must Address Programmatic Impacts on County Community Supervision

***If the Legislature undertakes comprehensive bail reform, MICA requests policymakers ensure that bail policies advance equity and balance public safety considerations and include funding for any increased expectations placed upon counties, such as for pre-trial community supervision functions.***



Many aspects of the criminal justice system are being reviewed and reformed to eliminate disparities and ensure equity throughout public programs and across all communities. If bail reform is proposed in 2026, MICA encourages the Legislature to ensure that funding and support are provided to counties for any increased expectations related to pre-trial community supervision or other impacts. Racial and economic disparities in the Minnesota bail system must be addressed, while also recognizing the constitutional right to bail. Any reforms must include adequate public safety safeguards, including recognition of the public safety risks related to violent crime. Adequate funding for community corrections and pre-trial supervision programs is paramount to ensuring that cash bail reforms do not lead to increased public safety risks.

## Provide Base Funding to All Counties for Emergency Management Planning and Preparedness Activities

***MICA supports the establishment of base funding for emergency management planning grants to counties to ensure consistent and sustainable support for local preparedness and response efforts across Minnesota.***

MICA urges the Legislature to provide \$12 million annually, administered by the Department of Public Safety’s Homeland Security and Emergency Management (HSEM) Division, for the purpose of awarding emergency management planning grants divided evenly among counties, federally recognized tribes, and cities of the first class. This ongoing funding is essential to achieving cohesive, statewide emergency planning, preparedness, and response capabilities, including support for necessary capital and technology investments.

County Emergency Managers are required under Minn. Stat. § 12.25 to coordinate local emergency response and preparedness activities; however, the State currently provides no stable or predictable funding to support this mandated function. Counties must instead rely on limited and often uncertain federal grant programs, which vary in availability and restrict local flexibility.

Amid growing uncertainty surrounding FEMA’s future structure and funding stability, it is increasingly clear that Minnesota must establish a reliable state funding foundation for emergency management. Regardless of the outcome of FEMA’s potential restructuring, counties need stable, ongoing state support to sustain critical emergency management operations.

With the number and severity of emergency events continuing to rise, from severe weather and wildfires to cyber threats and public health emergencies, the need for dependable resources to plan, prepare, and respond is more urgent than ever.

## Clarify the Determination of “County of Financial Responsibility” for Youth Placements

***MICA recommends clarifying determination of the “county of financial responsibility” (COFR) for pretrial costs and costs for post-disposition placement or detention in a way that ensures the paying county has an opportunity to determine disposition.***



MICA supports policies and practices that best facilitate public safety and the successful reintegration of justice-involved youth into the community, such as providing skill development, habilitation, rehabilitation, and access to treatment services needed.

Aligning responsibility for making disposition decisions with the COFR (residence) promotes best practices toward successful reintegration, often including serving youth in their community.

Minn. Stat. § 256G sets forth a process for determining COFR when an individual — adult or youth — is placed in a program or at a facility that is under the jurisdiction of the Department of Human Services (DHS).

However, COFR is less clear for certain costs outside the DHS purview, such as for pretrial services and post-disposition placement or detention, including juvenile detention facilities licensed and supervised by the Department of Corrections.

Courts and the DHS have ruled, somewhat inconsistently over time, that Minn. Stat. § 256G does not apply to pre-trial juvenile detention. Under current practices, placements made by a county that is not the COFR under Minn. Stat. § 260B, are sometimes billed back to the county of residence even though that county had no opportunity to participate in the juvenile placement decision.

MICA recommends clarifying state law in a way that best supports both public safety and successful outcomes for justice-involved youth. For example, aligning COFR with responsibility for assessing a youth’s needs and determining placement post disposition would help ensure the COFR is directly vested in the outcomes. Pre-trial and trial costs should be paid by the arresting and prosecuting county, with venue being transferred to the COFR following completion of a court determination of guilt or innocence. Alternatively, the county making the placement decision should be responsible for placement costs.

## Delay Implementation of the Minimum Age of Delinquency Change to Ensure Adequate Resources and Programming

MICA recognizes the developmental understanding of adolescence that informed the Legislature’s 2024 decision to raise the minimum age of delinquency jurisdiction to 13. This policy change reflects research on brain development and the recognition that younger children are often better served through supportive environments rather than through the justice system.

However, while MICA supports the intent of this reform, the shift of children under age 13 from the juvenile justice system to the child protection and human services systems represents a major structural and philosophical change that requires careful implementation. The juvenile justice system is designed around behavioral interventions such as structured accountability, skill-building, and evidence-based programming to address the underlying causes of delinquent behavior and promote change. In contrast, the child protection system primarily focuses on ensuring safety and addressing family stability and maltreatment issues.

As a result, this transition will require new or adapted service models within the child protection space to respond to the behavioral and developmental needs of youth who previously would have been



served through juvenile justice interventions. These children may need access to services such as behavioral health treatment, early intervention programs, family-based therapy, and structured supports that address behavioral patterns, not just safety concerns.

MICA urges the Legislature to delay implementation of this change to allow time for a thorough assessment of system readiness, resource capacity, and program infrastructure. Without sufficient planning and investment, counties may face gaps in care and limited tools to respond to this population effectively.



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***The MICA Board of Directors supports the following behavioral health measures that include recommendations from MICA’s Human Services, Public Health, and Public Safety Committees:***

## HUMAN SERVICES

### Strengthen State Investment in the Behavioral Health Care System

***The MICA Board of Directors urges the Legislature to provide funding to address investment in services and infrastructure needs for both state-operated and community-based behavioral health care services.***

Addressing Minnesota’s Gaps in the Continuum of Care for Individuals with Complex Needs: Across Minnesota, there are significant gaps and insufficient capacity within the continuum of care for children and adults with high acuity, complex, and co-occurring conditions. These conditions include developmental disabilities, mental illness, substance use disorders, and behaviors that may involve violence or sexual inappropriateness, as well as physical health challenges and sex offender status.

Families and service providers across the state face immense challenges navigating a fragmented system. In some cases, parents desperate for help have brought their severely ill children to hospital emergency departments - only to face accusations of abandonment when no placement options are available. Both children and adults are being boarded in hospital emergency departments for days, weeks, or even months - sometimes more than a year - while county agencies make dozens or even hundreds of calls to locate a provider able to meet their needs. As a result, individuals often go without the services they need, are sent out of state for care, or receive a patchwork of inadequate supports that fail to meet their complex needs.

In the past, state-operated hospitals and other publicly-owned facilities provided treatment for individuals who could not be served in the community. These state facilities served as the “Safety Net” for Minnesotans in need of high-level care. Over time, many of these facilities have closed, replaced by smaller, privately-run programs and community-based services intended to meet local needs. Unfortunately, the closure of state facilities has created a serious gap in the continuum of care – especially for those who present the greatest challenges to the system.

Funding and infrastructure for mental health services in Minnesota are severely inadequate and continue to deteriorate. Counties are forced to increase provider contract rates to retain staff, yet county allotments remain flat - or in some cases, have even decreased. The lack of resources is particularly acute for individuals in mental health crisis, straining county human services agencies, jails, and hospitals alike. To address this crisis, the State must make a significant investment - not only to expand the number of treatment beds available, but also to ensure adequate staffing and support for providers.

**Cost Shifts to Counties:** Over the past decade, legislative action has repeatedly shifted the financial burden of mental health inpatient services from the State to counties. In 2013, and again in 2015, the Legislature required counties to pay for care when an individual no longer meets medical criteria to



remain in a state facility - even when the person is waiting for transfer to another state-operated program (for example, from AMRTC to St. Peter). In 2021, this cost-shift expanded to include the Child and Adolescent Behavioral Health Hospital (CABHH), requiring counties to pay 100% of the cost when a child is deemed “Does Not Meet Criteria” (DNMC) - despite the lack of any available, appropriate placement options. Current daily rates illustrate the burden: \$2,492 (AMRTC), \$2,033 (CBHH), and \$2,421 (CABHH).

MICA supports the following actions to strengthen the continuum of care and restore the State’s role as the safety net for Minnesotans with complex needs:

- Investment in state-operated infrastructure to restore and expand capacity.
- Increased funding for community-based mental health services to stabilize and grow the local continuum of care.
- Infrastructure equity, through additional funding to maintain, protect, and expand service capacity statewide.
- Expansion of Crisis Residential Centers (CRCs) and Intensive Residential Treatment Services (IRTS) for both adults and children, as included in the 2018, 2020, and 2022 bonding bills.
- Funding for Youth Interventions and a Regional Approach to Placement Continuum to better coordinate children’s services.
- Direct AMHI allocations to counties, rather than through grants or contracts, to provide predictable and flexible funding.
- Statewide Children’s Mental Health Initiatives to build infrastructure and wraparound supports.
- Creation of a Medical Assistance (MA) benefit for children’s crisis residential and stabilization services.
- Recognition of the State’s responsibility as the Safety Net for individuals who cannot be served elsewhere.

## Provide Bonding for Crisis Residential Centers and Intensive Residential Treatment Services Facilities for Both Adults and Children

***The MICA Board of Directors urges the Legislature to bond for the rehabilitation or new construction of mental health facilities that will increase the capacity of Crisis Residential Centers (CRCs) and Intensive Residential Treatment Services (IRTS) for both adults and children throughout the state.***

Mental health providers are seeing marginal revenues due to increased staffing costs as a result of serving those with higher acuity and poor Medical Assistance (MA) rates. This results in a lack of available beds and conditions in current settings that have a significant need for improvement. As an example, shared bed and private spaces are not always conducive to supporting diverse populations.

Improvements are necessary for many of our current providers’ facilities. These improvements would allow for greater access to services and better integration into our care system. This would be done through a potential expansion in the number of residential treatment beds and improved telehealth systems. This priority aims to provide communities with the ability to offer or improve residential treatment options to the adults experiencing mental health symptoms in their areas. This is relevant as



we aim to address the needs of individuals presenting across systems with more complex symptomology. Improvements are needed to care for individuals in community-based settings and to provide community response to the challenges facing our mental health delivery system.

Hospitals are under pressure for faster discharges to community-based settings - such as IRTS facilities. This puts added pressure on our IRTS system – as evidenced by the number of available communities in which IRTS beds are not available. This has led to shifts in the staffing models of many providers, which has created a higher cost to provide the service to those in need.

Several of the most recent bonding bills have provided funding for behavioral health crisis facilities. Demand in the system remains; MICA requests additional bonding dollars to increase capacity of CRCs and IRTS for both adults and children throughout the state.

## Fund Youth Interventions/Regional Approach to Placement Continuum

***The MICA Board of Directors requests that the Legislature fund the necessary infrastructure for a regional plan and the design of a model of care for metro counties to collaborate in delivering services for the mental health needs of youth and families; simplify the licensing and certification process; and require DHS to apply for the necessary 1115 reentry waiver.***

The 2023 Minnesota Legislature established a Working Group on Youth Interventions to develop recommendations on the design of a regional system of care. A report from this group addresses primary focus areas, including:

- Building a regional system of care throughout the state that will keep youth closer to home and maximize connection, contact, and support for both youth and family;
- Continued study of the licensing and certification of facilities and evaluation of accountability, governance, and oversight;
- Fiscal strategies to support and retain existing staff and providers, increase access to programs for youth and family, improve reimbursement for providers, as well as support infrastructure changes needed in many facilities;
- Improving data collection, data sharing, and data analysis, to ensure transparency and better data-driven decisions;
- Improving the programming offered in out-of-home placement facilities and across the entire continuum of care system for involved youth to better comply with best practices; and
- Addressing the workforce development needs that are impacting our system providers and community providers, including hiring, retention, training, salary, and wellness.

This work is important to our infrastructure for youth and requires a focus on a few key areas, including:

- **Licensing and certification:** Currently, the ability to provide services to youth with therapeutic needs and increasingly complex mental health issues is directly tied to a facility’s licensing and certification. To provide services to youth in Minnesota, any program or provider must be licensed and certified by the state. This is true of both government facilities and community providers. Licensing determines the type of facility, and certification determines the type of



programming offered at a facility. The licensing and certification process for residential providers needs to be simplified.

- 1115 Reentry Waiver:
  - Require DHS to submit the state plan amendment to the Centers for Medicare and Medicaid Services (CMS) for implementation of children’s crisis residential services under MA.
  - Direct DHS to seek a federal waiver and CMS approval of the Health Equity Demonstration Implementation Protocol, the demonstration benefit package for MA recipients, including short - and long-term residential services provided in residential, inpatient, correctional, shelter, and emergency department settings that qualify as an Institute for Mental Disease (IMDs), which are not otherwise matchable expenditures under section 1903 of the Act. Through possible federal waiver, the state will be eligible to receive federal financial participation for MA recipients who are short and long-term residents in IMDs under the terms of this demonstration for coverage of MA, including mental health benefits that would otherwise be matchable if the beneficiary were not residing in an IMD.
- Rate Structures: Implement the proposed rate structure, as recommended by the 2023 rate study after seeking county feedback.

## Invest in Children’s Mental Health

***Using the Adult Mental Health Initiatives (AMHI) as a model, the MICA Board of Directors supports similar investment in children’s mental health care.***

The MICA Board of Directors urges Minnesota to adopt a Children’s Mental Health Initiative modeled after the successful AMHI. While both adults and children face significant gaps in acute mental health services, the disparity in community-based infrastructure for children is especially stark. Since its inception in 1995, AMHI has provided a foundational framework for adults with serious mental illness to access community-based care. This investment enabled deinstitutionalization and empowered local mental health authorities to design responsive programs. Yet, no comparable infrastructure exists for children, leaving families without adequate support and forcing youth into out-of-state placements.

Minnesota faces a severe shortage of high-acuity and psychiatric services for youth:

- In 2022, only 112 licensed youth psychiatric beds existed statewide, with just 16 operated by the State at CABHH facilities. The remaining beds are in private or nonprofit hospitals, leaving many children without access to care.
- Minnesota has only four Psychiatric Residential Treatment Facilities (PRTFs), many of which cannot accept youth with violent or intensive needs.
- Between 2018 and 2022, over 200 children were placed out-of-state at a cost exceeding \$20 million.

These placements disrupt education, hinder family involvement in therapy and reunification, and lack transitional support. The increasing rate of Rule 20 competency assessments for juveniles further limits long-term options for youth with complex needs.



To address these challenges, Minnesota must establish a Children’s Mental Health Initiative with the following priorities:

**Build a Full Continuum of Care**

- Create a statewide framework modeled after AMHI to fund and support children’s community-based services.
- Develop regional partnerships between counties, the Department of Human Services (DHS), and the Department of Children, Youth & Families (DCYF).
- Ensure funding is flexible and responsive to regional needs.

**Expand Acute and Residential Capacity**

- Create an MA benefit for children’s crisis residential and stabilization services provided to individuals 0-18 years of age who are experiencing mental health crises.
- Invest in additional PRTF beds and acute care facilities to reduce out-of-state placements.
- Prioritize development of facilities that can serve youth with high-intensity needs.

**Strengthen Partnerships and Clarify Accountability**

- Establish clear roles among counties, DHS, DCYF, and Direct Care and Treatment (DCT).
- Amend statutes to designate the Commissioners of DHS and DCYF, and the DCT Executive Board, as responsible for youth whose needs exceed existing community resources.

**Reform Juvenile Legal Barriers**

- Review Rule 20 and Chapter 611 to expand options for youth with complex mental health needs.
- Shift financial responsibility for Juvenile Rule 20 proceedings from counties to the courts.

**Invest in Prevention and Family Supports**

- Fund Community and Family Resource Centers (FRCs) to provide early intervention and wraparound services.
- Strengthen the placement continuum to ensure effective, responsive care across all levels of need.

This initiative would reduce reliance on hospital-level care, stabilize families, and improve long-term outcomes for Minnesota’s children. By mirroring the proven AMHI model, the State can build a sustainable, community-based infrastructure that meets the urgent mental health needs of its youngest residents.

## PUBLIC HEALTH

### Invest in Mental Health and Adopt a Mental Health and Well-Being Framework that Supports a Comprehensive Approach

***The MICA Board of Directors encourages legislative investment of federal and state funds for the State’s mental health infrastructure and the adoption of a mental health and well-being framework that includes comprehensive policies and initiatives, starting with promoting mental health well-being through persistent mental illness prevention and treatment.***



Local Public Health’s (LPH) role in the **PROMOTION** of mental health well-being supports the building blocks for mental health and resilience, which enhances the protective systems in the community. **PREVENTION** strategies can work to reduce risk factors like trauma and toxic stress. **EARLY INTERVENTION** can help diminish the effects of an identified mental health issue, supporting early access to treatment, and enhance links to natural supports. LPH must also **ASSURE HEALTH SERVICES** are addressing and improving treatment of identified mental health issues.

The MICA Board supports:

- Expanding awareness about what creates mental health well-being, resilience and belonging, and the various opportunities to impact them;
- System-level changes, health-in-all-policies approach to support the spectrum of mental health well-being, such as strong policy that builds health protection in policy to reduce youth access to harmful substances;
- Building community capacity, expanding leadership, coming together in dialogue to identify shared concerns and solutions, learning together, and evaluating the results, while addressing equity and racial disparities;
- SHIP grant work that includes well-being activities in a variety of settings (schools and workplaces) focused on increasing mental health awareness and resiliency, such as “Make it OK,” mental health first aid, building protective factors, suicide prevention, Adverse Childhood Experiences (ACEs), “Composite of Post-Event Well-being” (COPEWELL), community well-being or social connection, and trauma-informed practices;
- Targeted mental health support for our youth, focusing on social emotional development, disrupted learning, and achievement gaps;
- Resource support for addiction, food insecurity, housing, and violence; and
- Community-Specific Foundational Area services that build protective factors with families like Family Home Visiting (FHV), Women, Infants, and Children (WIC) programs, and the development of Family Resource Centers (FRCs).

## CORRECTIONS & PUBLIC SAFETY

### Ensure Access to Appropriate Mental Health Services for all Youth, and Provide Juvenile Facilities the Resources and Expertise Needed to Address Mental Health Illnesses

***MICA urges the 2026 Legislature to provide youth with access to the mental health services they need to minimize intersections with the justice system and provide the resources and expertise to allow for appropriate placement and mental health interventions for justice-involved youth.***

Youth with mental health conditions are at high risk for involvement with the criminal justice system. Providing more robust and appropriate mental health to at-risk youth may prevent them from becoming justice-involved youth. Adequate and equitable access to youth mental health services through parental and family support, schools, and community and social services is needed. For youth who do encounter the justice system, the State should fund programming and appropriate non-secure facilities. Detention



facilities should not be the default placement option due to lack of access to appropriate services, facilities, and trained staff.

The lack of and inadequacy of appropriate facilities is a crisis. One member county reports having to use its administrative center as a temporary non-secure facility for juveniles due to a lack of access to more appropriate space. Multiple counties report having to place youth far outside the state, even though it is typically best to provide services in the community, with the support of family, schools, friends, and community members.

Justice-involved youth typically face a plethora of daily challenges, such as poverty, mental illness, and trauma that often require individualized treatment solutions. Counties are responsible for treating and caring for youth who are often at the height of their illness, yet a secure detention facility is almost never the appropriate setting for youth needing mental health and counseling support. At the same time, many non-secure facilities do not have the trained staff, capacity, or State policy support to accept youth with assaultive behavioral patterns, or the location of an available facility is a long distance away, or even out of state.

Effective youth diversion and intervention initiatives can reduce contact with the criminal justice system by providing services that mitigate conditions contributing to criminal behavior such as substance use disorders, mental health conditions, and other challenges.

MICA supports funding and policy solutions that:

- expand access to appropriate and proximately-located facilities,
- improve availability of trained juvenile detention employees and mental health expertise for youth,
- increase funding for needed, individualized programming for justice-involved youth, and
- ensure that state law and policy infrastructure support both youth and the tools needed by professional staff to safely treat youth assigned to their care.

## Strengthen the Mental Health Continuum of Care, and Ensure County Jails are not used as Default Placement for Individuals in Need of Mental Health Treatment Services

***MICA encourages the 2026 Legislature to strengthen the statewide mental health continuum of care, ensure that capacity exists to treat mental illness through access to appropriate therapeutic placement and mental health expertise such that jails, and detention facilities are not used as a default placement for individuals needing mental health treatment services.***

County jails have increasingly become a default housing placement for adults struggling with mental illnesses due to a lack of adequate facilities and access to treatment expertise. Local sheriffs estimate between 25% and 30% of jail inmates suffer from diagnosed and undiagnosed mental illness. Many counties have invested increased funding to modify county jails to provide safer spaces for individuals experiencing mental illnesses.

However, county jails are not the appropriate placement for treating mental illness. A strengthened statewide mental health continuum must address the increasing dependency on jail facilities.



Counties are responsible for treating and caring for inmates that are often at the height of their illness. Ensuring public and inmate safety by providing effective support for these individuals requires both appropriate facilities and access to the range of evidence-based services needed to meet individualized needs. Counties have been leaders at implementing collaborative emergency response models that integrate the expertise of law enforcement, social service, and mental health experts, through both ongoing community services and call response. Those efforts are critical to a safer and more effective initial response but are not the ongoing access to mental health treatment services and expertise needed.

MICA supports a strengthened mental health continuum of care that includes not only investment in more appropriate care facilities, but also policy and funding solutions to develop, train, and employ or access the mental health experts needed to support mental health care in settings appropriate for the individuals being served. For public safety and corrections, that comprehensive funding and policy should include support for the work of county law enforcement, jails, and social service experts, while minimizing the dependence on county jails to house individuals needing mental health treatment and care.



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<sup>i</sup> Among the 2018 changes made in PERA General Plan were:

- Phase-out of early retirement augmentation,
- No COLA until age 65 for pre-July 1, 1989 hires and age 66 for July 1, 1989 and after hires;
- Elimination of deferred retirement augmentation,
- Reduction of the interest on refunds from 4% to 3%; and
- Changing the amortization date to 2048.

<sup>ii</sup> Current law prohibits public employers from reducing the aggregate value of benefits provided by a group insurance contract - such as health insurance - for employees covered by a collective bargaining agreement without the agreement of the exclusive representative. This provision, which effectively only applies to group (i.e. fully insured) health insurance plans, has created extreme problems for public employers trying to cope with rising health care costs and has limited them from making changes in health insurance benefits as a means of cost containment. The practical consequence is that, without a change, taxpayer funds will be used to pay excessive premiums rather than either saving that money, providing improved public services, or putting it towards future wage and salary increases.

<sup>iii</sup> Under current law, local government employers are generally required to pool their under-65 retirees with their active employees for health insurance purposes. This drives up the cost of insurance for the active employees, which results in employees and the employer (and their taxpayers) paying higher premiums to cover the higher health care costs of the retirees, even if it might be more cost-effective to cover under-65 retirees through an approach other than pooling. It also requires employers to carry “illusory” liabilities on their financial statements related to this “implicit subsidy” - from active employees to retirees - or to needlessly set aside money in trusts for the payment of these “liabilities” under current accounting standards.

Elimination of the required pooling would eliminate these liabilities and costs for current employees, employers, and taxpayers. Affected under-65 retirees could still get their health insurance through the employers via a separate retiree pool or through MNsure, where preexisting conditions no longer prevent getting health insurance and premiums are affordable because of available subsidies and limits on the additional premiums due to age.

<sup>iv</sup> Existing law needlessly hamstring local governments’ efforts to reduce employee health care costs by self-insuring. Just as the choice of insurer should be a management or employer decision, so too should the decision to self-insure. Furthermore, the law’s current requirement does not make sense because the exclusive representative of the largest union frequently does not represent a majority of employees and, in a number of instances, may represent only a small minority of employees. Consequently, the exclusive representative of a minority of employees has the ability to frustrate cost savings derived from self-insuring that best serve employees and taxpayers as a whole.

<sup>v</sup> Current law allows the exclusive representative of any single bargaining unit to elect for its employees to receive health insurance coverage through the state’s Public Employee Insurance Program (PEIP) without having to negotiate for the change in health insurance carriers via the collective bargaining process. “Adverse selection” is often the result in that the other employees of the local government, who may be older or less healthy, are left behind with the local government’s other health insurance carrier, who may either raise premiums or refuse to underwrite the smaller, potentially higher risk group that remains. The exclusive representative of a union that represents only a subset of all the local government’s employees should not have the unilateral power to affect such a result. Any changes in health insurance carriers must be the subject of collective bargaining which takes into consideration the employer’s concern regarding the quality of coverage for all employees as well as the cost to all employees and the taxpayers.