

Human Services, Department of

Projects Summary
(\$ in Thousands)

Project Title	2012 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations	Governor's Planning Estimate	
		2012	2014	2016	Total	2012	2014	2016
MSH - St. Peter Campus - Design, Construct, and Remodel Facilities	1	\$40,000	\$35,000	\$0	\$75,000	\$40,000	\$35,000	\$0
MSOP - St. Peter Campus - Predesign/Design, Remodel/Construct	2	1,700	18,000	10,000	29,700	1,700	18,000	10,000
System-Wide Asset Preservation	3	5,000	6,500	7,000	18,500	2,500	2,500	2,500
Early Childhood Facilities	4	3,100	5,000	5,000	13,100	3,100	3,100	3,100
Anoka - Upgrade Residential Facilities		0	600	6,000	6,600	0	0	0
MSOP - Moose Lake Expansion - Phase III		0	0	2,026	2,026	0	0	0
MSOP/MSH - St. Peter Campus - Remodel/Upgrade Shared Dietary		0	400	4,000	4,400	0	0	0
Total Project Requests		\$49,800	\$65,500	\$34,026	\$149,326	\$47,300	\$58,600	\$15,600

At a Glance**Health care programs — FY 2010**

- Average monthly enrollment of 741,000
- Medical Assistance — 557,000 people
- MinnesotaCare — 132,000 people
- 123,000 health care providers and eight contracted health plans
- 56.7 million health encounters, claims and managed care capitations processed

Economic assistance programs — FY 2010

- Food Support — 401,000 people per month
- Minnesota Family Investment Program and Diversionary Work Program cases — 39,400 families per month
- General Assistance — almost 20,000 people
- More than 396,000 parents assisted through child support enforcement
- \$606 million in child support payments collected
- 19,000 families received child care assistance for 33,700 children per month
- About 6,800 children were cared for by adoptive parents or relatives who receive financial assistance and support for children's special needs.
- 653 children under state guardianship were adopted

Mental health services — FY 2010

- 149,162 adults received publicly funded mental health services
- 55,796 children received publicly funded mental health services

Operations

- FY 2012-13 \$11.2 billion general fund budget
- FY 2012-13 \$25.6 billion all funds budget
- 86% of DHS' general fund budget is spent on health care and long-term care programs and related services
- Approximately 97% of DHS' budget goes toward program expenditures, with 3% spent on Central Office administration

Agency Purpose

The Minnesota Department of Human Services (DHS) helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Strategies

Strategies DHS uses to accomplish its mission are:

- Ensuring basic health care for low-income Minnesotans
- Promoting independent living for seniors and people with disabilities
- Helping Minnesotans support their families
- Aiding children and families in crisis
- Assisting people with chemical and mental health care needs
- Providing direct care and supportive services to people with disabilities
- Providing sex offender treatment

Operations**Health care programs**

DHS administers:

- Medical Assistance (MA), Minnesota's Medicaid program for low-income seniors, adults without dependent children, children and parents, and people with disabilities; and
- MinnesotaCare for residents who do not have access to affordable private health insurance and do not qualify for other programs.

Across these programs approximately two-thirds of all enrollees got their care through one of eight contracted health plans in 2011. This proportion will change when more people with disabilities enroll in managed care starting Jan. 1, 2012.

Economic assistance programs: DHS works with counties and tribes to help low-income families with children achieve economic stability through programs such as the Minnesota Family Investment Program (MFIP), the Diversionary Work Program (DWP), child support enforcement, child care assistance, food support, refugee cash assistance and employment services.

Child welfare services: DHS works with counties and tribes to ensure that children in crisis receive the services they need quickly and close to home so they can lead safe, healthy and productive lives. DHS guides statewide policy in child protection services, out-of-home care and permanent homes for children.

Services for people with disabilities: DHS promotes independent living for people with disabilities by encouraging community services rather than institutional care. DHS sets statewide policy and standards for care and provides funding for services for people with disabilities such as developmental and physical disabilities, brain injury, HIV/AIDS, and other complex health conditions, as well as mental health and chemical health services. DHS also provides services for people who are deaf or hard of hearing through its regional offices in Bemidji, Duluth, Mankato, Moorhead, St. Cloud, St. Paul and Virginia.

Services for seniors: DHS supports quality care and services for older Minnesotans so they can live as independently as possible. Quality assurance and fiscal accountability for the long-term care provided to low-income elderly people, including both home and community-based services and nursing home care, are key features.

Direct care services: DHS provides an array of treatment and residential services to people with mental illness, chemical dependency, developmental disabilities or acquired brain injury, some of whom may pose a risk to society. These services are provided through programs based in Alexandria, Annandale, Anoka, Baxter, Bemidji, Carlton, Fergus Falls, Rochester, St. Peter, Wadena and Willmar, and through Minnesota State Operated Community Services, which has programs and homes for people with developmental disabilities throughout the state. DHS also provides treatment at Minnesota Security Hospital in St. Peter for people who have been civilly committed as mentally ill and dangerous

Sex offender treatment: The Minnesota Sex Offender Program in Moose Lake and St. Peter provides inpatient services and treatment to people who are committed by the court as a sexual psychopathic personality or a sexually dangerous person.

Licensing: DHS licenses about 23,700 service providers, including group homes; treatment programs for people with chemical dependency, mental illness or developmental disabilities; child care providers; and foster care providers. DHS also monitors their compliance with Minnesota laws and rules, investigates reports of possible maltreatment and completes background studies on individuals who provide direct care.

Department operations: DHS has a wide variety of customers and business partners, including the state's 87 counties, 11 tribal governments, 118,000 health care providers and eight contracted health plans. DHS provides significant operational infrastructure to Minnesota's human services programs, most of which are provided at the county level.

DHS' operations support other providers who directly serve Minnesotans. DHS oversees significant computer systems support for: MAXIS, which determines eligibility for economic assistance programs; PRISM, the child support enforcement system; the Medicaid Management Information System (MMIS), which pays medical claims for publicly funded health care programs; the Social Service Information System (SSIS), an automated case management system for county child protection, foster care, vulnerable adult, and other social services workers; and MEC2, the Minnesota Electronic Child Care system.

Budget

The American Recovery and Reinvestment Act of 2009 (ARRA) temporarily increased federal funding for several programs administered by DHS. The most significant impact of this federal stimulus is that it increased the federal share of spending on the MA health care program from October 2009 through June 2011. As a result, over that period federal funds replaced \$2.2 billion of state general funds that otherwise would have been spent on MA.

External factors currently impacting DHS' operations include: growth in the demand for human services as the challenging economy impacts lower-income people; changing demographics (including longer lifespans, an aging population and growth in immigrant communities and communities of color); growth in health care costs; federally mandated and state-initiated expansions to health care program eligibility; significant increases in the complexity of program funding and budgeting rules; federal health care

reform; the accelerated rate of change in computer technology and the movement toward electronic government services for citizens; and persistent growth in the number of civilly committed sex offenders.

Contact

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At A Glance: Agency Long-Range Strategic Goals

Minnesota Department of Human Services (DHS) has two business areas which are capital intensive.

- State Operated Services (SOS): In partnership with others, SOS provides innovative and responsive behavioral health care to people with complex needs and challenges, some of whom may present substantial safety risks.
- Minnesota Sex Offender Program (MSOP) promotes public safety by providing world class treatment and successful reintegration opportunities for civilly committed sexual abusers.

DHS also administers an Early Childhood Facilities grant program that helps local entities provide quality facilities for early childhood programs statewide.

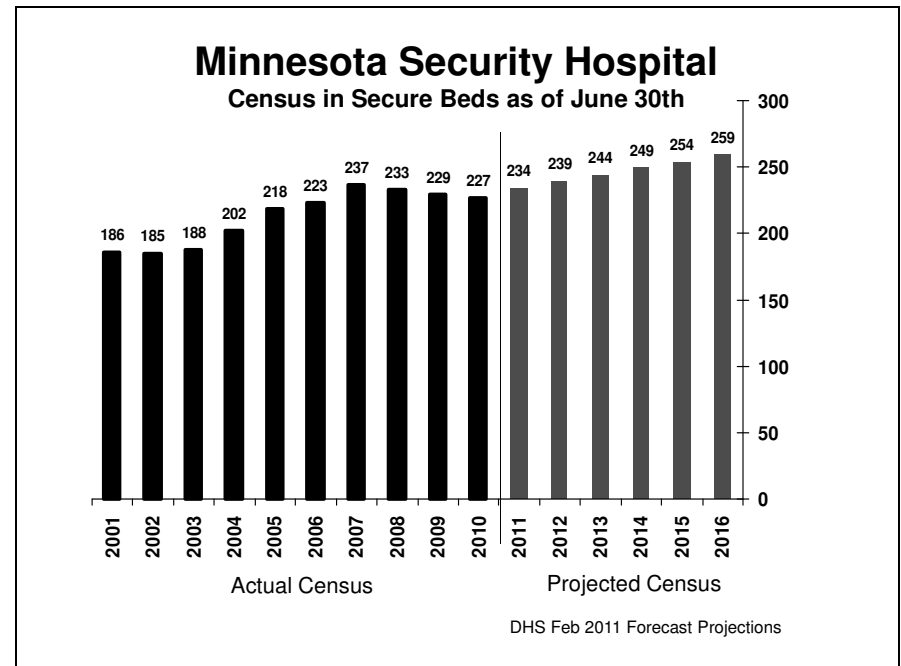
- Quality preschool and early childhood facilities promote better outcomes for children.

Trends, Policies and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs

State Operated Services - DHS State Operated Services (SOS) provides an array of treatment, vocational, and residential services to people with chemical dependency, neuro-cognitive, psychiatric and developmental disorders, some of whom pose a risk to society. These services are provided at approximately 200 sites around the state. Since its peak in 1960, when large state operated institutions provided residential care to an average daily population of 16,355 persons, population levels receiving services have steadily declined. This decline has occurred through a deliberate strategy to deinstitutionalize persons with disabilities and integrate them into their home communities when it is considered beneficial and appropriate. Advancements in treatment delivery, medications, and the involvement of the individual in their own care have further contributed to reducing the need for large state operated institutions. SOS currently serves approximately 14,000 individuals per year in a variety large campus and smaller community-based settings. As

SOS has changed its method of delivering services to the most clinically and behaviorally complex individuals, DHS has been able to reduce the SOS operating budget.

Minnesota Security Hospital – Operated by SOS, the Minnesota Security Hospital (MSH) provides evaluation and treatment to individuals civilly committed to the commissioner as Mentally Ill and Dangerous (MI&D) under Minnesota Statutes Chapter 253B, and to persons with mental illness who the criminal court has ordered for evaluation and treatment, under Minnesota Rules of Criminal Procedure, 20.01 and 20.02, before the start of a criminal trial.



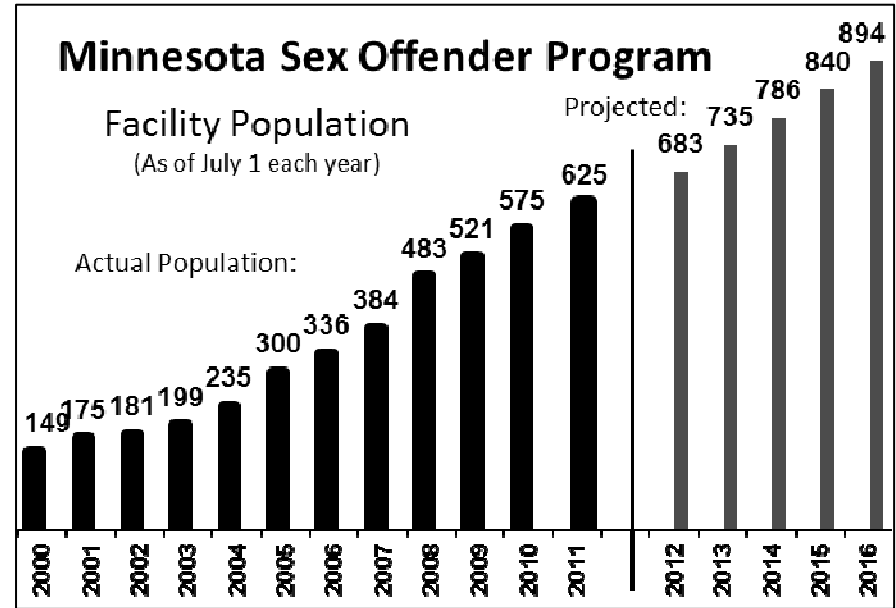
Similar to other populations once served in state institutions, advancements in treatment delivery, medications, and the involvement of the individual in their own care have contributed to improving how care and treatment is delivered to persons who have been committed as MI&D. However, the

existing physical plant currently used by MSH limits the program's ability to accommodate specialized treatment units needed to provide effective treatment.

Minnesota Sex Offender Program - The primary mission of MSOP is to provide sex offender treatment. Similar to other civil commitment programs, MSOP is statutorily required to provide treatment and programming to individuals who are committed as sexually dangerous persons and/or having a sexual psychopathic personality. M.S. 253B.18 requires that once a person is admitted to MSOP treatment must begin. The minimum treatment program services are outlined in Minn. Rules, part 9515.3040. They include sexual offender specific treatment, psychiatric, medical, dental psychological, social and advocacy services; educational programming; and vocational rehabilitation services.

MSOP individualized treatment plans address all of the areas listed in M.R. part 9515.3040 and include components of contemporary evidence-based sex offender treatment methods. As such MSOP must have the ability to provide services to any client who is willing to engage in treatment, while maintaining a safe and secure living environment. At this time, 82 percent of the population actively participates in sex offender-specific treatment. Clients' risk factors are targeted through their participation in core treatment and psycho-educational groups. Participation in rehabilitative programming (vocational, education and recreation) is also mandatory as these settings provide environments for clients to apply skills learned in treatment and demonstrate meaningful change.

The MSOP client population has more than quadrupled in the last eleven years (149 in 2000 to 625 by July 2011). The primary reason for this growth was a change in the referral process and subsequent review by the courts. MSOP has no control over the number of clients that enter the program, as the courts decide who is committed and who is ultimately discharged from the program.



This chart does not include the approximately 70 clients that are dual commitments held at the Department of Corrections.

The legislature funded Phase I, a 400-bed expansion at Moose Lake, in the 2006 legislative session. While the expansion, MSOP Complex One, was being built, MSOP was left with the only viable option of renting very expensive and highly inefficient beds from the Department of Corrections (DOC). When MSOP Complex One was opened in July 2009, the facility was already half full when MSOP moved 200 clients from the rented DOC beds.

The 2010 bonding bill included funds to develop ancillary support space at the Moose Lake facility required to meet constitutional and statutory obligations to provide clients with sex offender specific treatment, educational programming, and vocational services. The 2010 project focused on the development of areas to provide appropriate food service, laundry for clothing and linen, medical services, and health care services; work areas for client record keeping, information technology, financial services (client banking and program financial services), security systems, and physical plant

operations were also developed. The 2011 bonding bill authorized the renovation of Shantz Hall on the St. Peter campus, which will provide 55 new beds, sufficient to meet MSOP bed space needs to 2014.

If the current admission trends continue, population projections indicate that by summer of 2014, MSOP facilities will be completely full and MSOP will again be out of bed space.

Early Childhood Facilities - Demand for early childhood facilities continues to rise due to factors such as:

- Increased focus on early learning services as a way to promote school readiness and success, especially for low-income children, which will likely increase general demand for early childhood facilities into the future;
- High quality early childhood programs focus on the comprehensive needs of children and their families, often leading to increased community partnerships and an interest in co-locating services in a single space;
- There is an ongoing need for early childhood spaces to be safe and accessible and to meet DHS child care licensing standards;
- Recent rising child poverty rates increase the number of children eligible for early childhood services such as Head Start and Early Head Start;
- Increased demand on space for K-12 programming purposes (e.g. full-day kindergarten, expanded summer and before- and after-school programs) can limit options for early childhood programs in existing school buildings; and
- Upgrading space to fully benefit from current technologies (e.g. adaptive and assistive equipment) available for early childhood programming is also a consideration.

Grant funds for early childhood facilities allow local service providers to deliver high quality services to increased numbers of young children and their families.

Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets

State Operated Services (SOS) - Over the last 30 years the Department has requested and received funding to construct and/or remodel residential/program/ancillary facilities for the Minnesota Security Hospital (MSH) at St. Peter, the Anoka-Metro Regional Treatment Center, the SOS program at Cambridge, and the MSOP at Moose Lake and St. Peter. In addition, the Legislature has provided the funding necessary to address the reduction/elimination of the large amount of non-functional surplus space in the SOS institutional system. Most recently this has resulted in the sale and reuse of the Regional Treatment Center (RTC) campuses at Willmar, Fergus Falls and Ah-Gwah-Ching, and the demolition of some of the non-utilized buildings on the Brainerd campus in preparation for future re- development of a large portion of the Brainerd campus.

Minnesota Sex Offender Program - The MSOP Phase II project for Moose Lake that was funded in the 2010 Session addressed the need to develop space for the ancillary/support services essential in providing sex offender treatment. This project was critical to ensure MSOP continues to be a clinically effective and constitutionally sound program.

With the addition of the 55 beds that the completion of the renovation of Shantz Hall on the St. Peter campus will provide (funded in the 2011 bonding bill), DHS's current projections indicate the program will be out of space by Spring/Summer 2014. With an expected 24-month design construction process, it is critical that the Department's requests for bond funding for design and construction on the St. Peter campus are funded in a 2012 bonding bill, and that construction on the requested new facilities for MSH is completed by the beginning of summer 2014. This will allow State Operated Services to move Minnesota Security Hospital (MSH) patients out of Bartlett Hall, freeing it for use by the MSOP program.

With a 12 to 15 month construction period, MSOP would be able to occupy one half of Bartlett Hall while the other half would be made available for updating/renovation. Upon completion of the first phase of renovation in Bartlett Hall, MSOP will move to the updated space and the vacated space would be upgraded to provide additional bed capacity for the program. In

addition, Sunrise Building and part of Green Acres will also be updated for use for both residential and treatment purposes for the MSOP program.

Early Childhood Facilities - Unlike other DHS bonding requests, the Early Childhood Facilities grant program requests funds for local projects that are awarded via a competitive request for proposal (RFP) process. Sixty-three projects have been completed since 1992, with demand for competitive grants far outpacing the availability of funds. Four early childhood facility projects are currently underway.

Looking toward the future, because of the ongoing need for facilities rehabilitation and the expected increased demand for early childhood services, DHS' long-term plan anticipates that the Early Childhood Facilities grant program would conduct a statewide competitive RFP for these projects every other year.

Long-Range Strategic Goals and Objectives

Strategic objective one: Over the years the Department of Human Services has focused on the need to provide adequate/appropriate facilities for the long-term operation of its programs and facility operations. The 2012-2017 Six-Year Capital Plan outlines a new long-range strategic plan for the St. Peter Campus, which will, over a period of time, relocate all of the Minnesota Security Hospital (MSH) program activities from the lower campus to the upper campus. The plan will lead to the development of facilities that can better accommodate the specific treatment needs of persons committed as MI&D. Relocation of MSH program activities will make space available on the lower campus for the future redevelopment/reuse by the MSOP.

The intent of this new proposal is to provide a logical long-range plan to address several very significant issues that both MSH and MSOP face as they operate two very distinctly different programs on the St. Peter campus.

First, there is a real need to separate the two programs on the St. Peter campus. Currently both programs have individuals who in the course of their treatment have been granted a reduction in custody with an increase in liberties such as, the ability to move about campus with limited control. While MSH patients are vulnerable adults, MSOP clients are not. Allowing individuals from both programs to intermingle on the lower campus creates

concerns about the safety of the MI&D population and there needs to be a concerted effort to separate the two populations. Moving MSH programs to new facilities on the upper campus will address this issue and eliminate the intermingling of these very different populations in the future.

Second, constructing new facilities on the upper campus for MSH will facilitate development of modern residential treatment facilities specifically designed to meet the long-term needs of the distinctly different populations which MSH is required to serve through the commitment process for the mentally ill. Advancements in the delivery of treatment are leading to the implementation of best practices as they are identified and the development of specialized treatment units focused on providing specific levels of care within the Minnesota Security Hospital. These efforts will be maximized by the modernization of the program facilities.

Third, MSOP will need additional bed capacity on the St. Peter campus as its program continues to grow. Currently all of MSOP's St. Peter programs operate on the lower campus. Accordingly, it makes sense to plan/direct any future MSOP expansion at St. Peter to the lower campus. Moving MSH programs to new facilities on the upper campus will free up a number of buildings on the lower campus that can be renovated to meet MSOP's residential and programing needs and focus MSOP's growth on the lower campus.

Last but not least, the type of space that MSOP needs at St. Peter (the location which MSOP uses for individuals that are in the later stages of treatment), is much different than the space that it uses for the early stages of treatment at Moose Lake. Smaller living units promote a much more therapeutic environment for those individuals that are working hard to reach the reintegration phase of their treatment program. The buildings that MSH would vacate on the lower campus once new facilities are constructed on upper campus for MSH programs, would, after basic renovation and/or infrastructure upgrades, readily meet MSOP later stage treatment program requirements.

The Department's **Projects Summary** list for 2014 and 2016 presently indicates that the Department may request funding to design and construct the third phase of facility development at the Moose Lake campus. This project could provide up to an additional 400 beds for the long-term growth of

the MSOP. After full occupancy of these additional beds at the Moose Lake facility, it is anticipated that any further bed expansion for the program will focus on the St. Peter lower campus.

Strategic objective two: One of SOS' primary strategic objectives has long focused on the shift of campus-based mental health (MH) services to an array of community-based MH services that provide appropriate levels of care closer to patient's homes. This strategy focuses on providing better care to patients, increasing federal participation in funding care, and reducing use of less effective and relatively more expensive RTC-based services. The successful implementation of this long-range objective resulted in a large amount of non-functional surplus space throughout the RTC system.

In 2001, DHS initiated a strategic program to address the surplus space issue with the objective to convert surplus property to other (non-state) ownership. In addition, funds were requested and appropriated during the 2002 legislative session to start the process of demolishing buildings that are determined to be non-functional and/or are considered to have exceeded their useful designed life.

In 2005 SOS, in partnership with local communities, completed comprehensive redevelopment/reuse plans for the Ah-Gwah-Ching Center (AGCC), Fergus Falls Regional Treatment Center (FFRTC) and Willmar Regional Treatment Center (WRTC) campuses. In the fall of 2005, SOS and the Department of Administration (Admin) in conjunction with Crow Wing County and the City of Brainerd began the process of developing a comprehensive redevelopment plan for the Brainerd Regional Human Services Center.

The 2005 Legislature authorized the disposition of the Ah-Gwah-Ching, Fergus Falls and Willmar RTC campuses. The 2006 Legislature authorized the disposition of the Brainerd campus. In addition, the 2005, 2006, and 2008 Legislatures appropriated funds for improvements to facilitate the redevelopment/disposition of these campuses, including funds for demolition of deteriorated, unsafe, non-functional buildings and improvements to public infrastructure needed to support redevelopment of the surplus campuses.

In January 2006 the transfer/sale of the Willmar campus was negotiated between the state, Kandiyohi County, and MinnWest, a private company

from the Willmar area. On June 30, 2007 the City of Fergus Falls purchased the Fergus Falls regional treatment center, and on June 3, 2008 title to the Ah-Gwah-Ching Center was transferred to Cass County.

The Brainerd campus master planning project, coordinated by Crow Wing County, was completed during the spring of 2007. However, neither the County nor the City of Brainerd was interested in assuming ownership of the Brainerd campus and managing the campuses redevelopment. Accordingly, during the summer of 2011 the Department, with assistance from the Department of Administration, implemented projects to abate hazardous materials (lead, asbestos, mercury, PCB's, etc.) and to begin to demolish as many of the vacant/surplus non-functional buildings on the Brainerd campus as available bond appropriations will fund. The resulting vacant property will then be available for redevelopment.

Strategic objective three: This objective relates to asset preservation. This objective centers on the need to address critical repair, replacement, and renewal needs specific to the physical plants of State Operated Services and the Minnesota Sex Offender Program. Extensive assessments of the facilities identified the following concerns: safety hazards, code compliance issues, and mechanical and structural deficiencies; major mechanical and electrical utility system repairs/replacements/improvements; abatement of asbestos containing materials; roof work and tuck pointing; and other building envelope work such as window replacement, and road/parking lot maintenance. Asset preservation projects included in this six-year capital plan are consistent with the anticipated needs of the evolving state- operated mental health service system, and the future needs of the Department's campus-based forensic programs.

Agency Process Used to Arrive at These Capital Requests

Each year, the DHS executive team conducts strategic planning for the department. Priorities – the long-range strategic goals – are confirmed and revised. Work plans for how to achieve these priorities are constructed; budget and legislative proposals come from this work.

Grounded in these discussions, a planning team, consisting of a subset of the agency executive team, reviewed and prioritized initial bonding

proposals. The group worked to prepare final proposals in line with the priorities and strategic objectives of the department.

State Operated Services and MSOP use long-range strategic operational programs for each of the services provided to manage change to the systems. These operational programs are reviewed on an annual basis, and updated as needed, with the intent to outline and describe services to be provided, methods of delivering these services, and resources required/available for providing these services in the future. These strategic operational programs must demonstrate a strategic link to the agency's system-wide strategic objectives/goals. These annual reviews are used to initiate long-range capital planning. This process includes:

- A facilities analysis and planning program;
- identification of viable alternatives for meeting future physical plant needs;
- identification of any surveys or studies (predesign) that may be required to assess viable alternatives; and,
- implementation/review of existing/new campus master planning projects.

After completion of this work long-range (six-year) physical plant project budgets are reviewed/revised/updated. These six-year plans should outline all capital projects proposed for each facility and also identify all known physical plant deficiencies, scheduled maintenance, or proposed/required improvements. Each project is evaluated and listed in a recommended budget category (repair and replacement, or R&R: R/R special projects: capital equipment; asset preservation; capital; etc.) This information is then used to:

- Establish potential costs associated with improving specific buildings or groups of buildings;
- Determine the appropriateness of related or proposed expenditures;
- Assess alternatives for meeting an individual facility's operational program; and
- Develop recommendations for the agency's senior staff to review and consider for inclusion in the agency's six-year capital budget plan.

The six-year plan outlines an incremental plan for improving and upgrading the physical plant resources required to support future operational programs at the SOS and MSOP facilities in accordance with the department's strategic goals and objectives outlined in preceding sections of this Strategic Planning Summary document.

If funded, the proposed master plan for the St. Peter campus will provide approximately 200 additional beds for MSOP by renovating several buildings on lower campus that will be vacated when the SOS Minnesota Security Hospital moves its lower campus residential programs to the newly constructed facilities requested for them on the St. Peter upper campus in this 2012 DHS Capital Request.

With respect to the Early Childhood Facilities capital grant program, DHS regularly receives feedback from Child Care Resource and Referral agencies and Community Action Agency grantees (who largely operate Head Start in Minnesota) about early childhood and anti-poverty programming needs, including early childhood facilities. In the past surveys have been conducted which demonstrate the growing need for early childhood facilities.

Major Capital Projects Authorized in 2010 and 2011 (\$000's)

Laws of Minnesota 2010, Chapter 189

Section 18	\$ 49,625
Asset Preservation	\$ 2,000
MSOP Treatment Facilities – Moose Lake	\$ 47,500
Remembering with Dignity	\$ 125

Laws of Minnesota 2011, 1st Special Session, Chapter 12

Section 15	\$ 13,900
Asset Preservation	\$ 4,700
Early Childhood Learning and Child Protection Facilities	\$ 1,900
MSOP Treatment Facilities – St. Peter	\$ 7,000
Remembering with Dignity	\$ 300

MSH - St. Peter Campus - Design, Construct, and Remodel Facilities

2012 STATE APPROPRIATION REQUEST: \$40,000,000

AGENCY PROJECT PRIORITY: 1 of 4

PROJECT LOCATION:

Project At A Glance

- Design, construct and renovate, and furnish/equip new residential and program/activity space on the upper campus of the St. Peter Regional Treatment Center for individuals committed to the Minnesota Security Hospital.
- This space will be used to provide patient living, treatment and work/activity programming for patients served by the Minnesota Security Hospital and the facility's Transition program.
- Vacated Buildings on the lower campus will be separately redeveloped for use by the Minnesota Sex Offender Program (MSOP).

Project Description

This request is for funds to design, construct, furnish and equip new residential, program, activity and related ancillary facilities on the upper campus of the DHS St. Peter Regional Treatment Center (RTC) for the Minnesota Security Hospital (MSH) programs.

This request, and the second priority project in the Department's 2012 Capital Budget request, represents a new long-range strategic plan for the St. Peter campus. This new, phased initiative will result in **the eventual relocation of all of the MSH residential and program activities from the lower campus to the upper campus** and the reuse/redevelopment of the lower campus for the Minnesota Sex Offender Program (MSOP). These projects will be phased over several biennia.

The first phase of this project request for MSH, Phase One, focuses on the design and development of a new 24-bed secure admissions unit; renovation of the MSH living units to address critical patient and staff safety issues; the construction of new residential space (80 beds) for the MSH transition programs; development of additional clinic space; construction of appropriate

activity space for the transition program; and general site work on the upper campus. In addition, Phase One includes funds to design and develop construction documents for Phase Two which is identified in the Department's project summary as a capital request for 2014. The total estimated cost of Phase One is \$40 million.

Phase Two will focus on the construction of additional residential/program space needed for the MSH transition program; expansion of the MSH administrative space; the development of appropriate vocational space for the transition program; and the completion of related site work. The estimated cost for Phase Two is \$35 million. Funds for Phase Two will be requested as part of the Department's 2014 Capital Budget request.

Background Information

Operated by DHS State Operated Services, the Minnesota Security Hospital provides evaluation and treatment to individuals who have been civilly committed to the commissioner as Mentally Ill and Dangerous ("MI&D"), and to persons with mental illness who a criminal court has ordered for evaluation and treatment before the start of a criminal trial. The MSH program shares the St. Peter campus with MSOP.

The intent of this new proposal for the St. Peter campus is to provide a logical long-range plan to address several significant issues that the Department faces as it operates MSH and MSOP, two distinctly different programs, on the St. Peter campus.

First, there is a real need to address critical patient and staff safety issues resulting from the design of the living units in the existing Minnesota Security Hospital. The patient bedroom areas (living pods) were constructed with a split level design. These living pods are accessed by going up or down narrow stairways, and the existing layout of the patient units provides poor sightlines for unit staff. If patient behavior requires intervention by staff to protect a patient from self-injury, or to protect other patients in the living pod from harm/injury, this poor unit configuration often results in patient and/or staff injury as staff attempt to relocate the patient from the living pod up or down these narrow stairs.

Second, both programs currently have individuals which are housed on the lower campus who have reached the point in their treatment where they have

MSH - St. Peter Campus - Design, Construct, and Remodel Facilities

earned the privilege of campus liberty (the ability to move about campus with limited control). While MSH patients are considered vulnerable adults, MSOP clients are not. Allowing individuals from both programs to circulate on the lower campus is not good policy and presents safety risks. The Department believes it is time to make a concerted effort to separate the two populations. Moving MSH programs to new facilities on the upper campus will address this issue and physically separate these very different populations in the future.

Third, MSOP will need additional bed capacity on the St. Peter campus as that program continues to grow. MSOP will be out of beds by the summer of 2014. The type of space that MSOP needs at St. Peter (the location which MSOP uses for individuals that are in the later stages of treatment), is much different than the space that it uses for the early stages of treatment at Moose Lake. The buildings that MSH will vacate on the lower campus once new facilities are developed on upper campus for MSH programs, will, after basic renovation and/or infrastructure upgrades, readily meet MSOP's later stage treatment program requirements. Smaller living units promote a much more therapeutic environment for those individuals that are working hard to reach the reintegration phase of their treatment program. In addition, since all of MSOP's St. Peter programs currently operate on the lower campus, it makes sense to plan/direct future MSOP expansion at St. Peter to the lower campus.

Please note that the MSOP renovations and building infrastructure upgrade are a separate and distinct capital project, for which the Department will make separate bonding requests. In 2012 the Department is requesting the predesign and design funding as its second priority project.

Last, but not least, constructing new facilities on the upper campus for MSH would facilitate development of modern residential treatment facilities specifically designed to meet the long-term needs of the distinctly different subpopulations which the MSH is required to serve through the commitment process for the mentally ill.

As stated in the project description, the proposal to develop new facilities for MSH on the upper level of the St. Peter campus and to redevelop the vacated space on lower campus for MSOP is a new plan. The basic master planning for this new direction was completed during the summer of 2011. The Department is proceeding with a predesign for the for the proposal for

the MSH upper campus restructuring, and as part of its second priority project request for 2012 will conduct a predesign for the proposed MSOP lower campus restructuring.

Impact on Agency Operating Budgets (Facilities Notes)

The projects associated with this request may increase the overall cost of the Department's operating budget for MSH; however, the improved facilities that will be developed under the proposed plan for MSH is intended to reduce the average length of treatment by 20 to 25 percent. Reducing the average length of treatment should eventually reduce costs for the operation of the MSH program.

Previous Appropriations for this Project

None, this is the first time funds have been requested for this project.

Other Considerations

Needed facilities for MSOP's later stages of treatment could be developed with new construction, and renovation of existing buildings could be completed for MSH. However, that alternative approach appears to be at least equal in construction/development costs over the long-term, and yet it would not address either the safety and overall programmatic needs of the MSH programs or the Department's goal to physically separate the two programs on the St. Peter campus.

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Governor's Recommendations

The Governor recommends general obligation bonding of \$40 million for this request. Also included is a budget planning estimate of \$35 million in 2014.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	3,218	2,525	0	5,743
4. Project Management	0	465	596	0	1,061
5. Construction Costs	0	32,201	24,957	0	57,158
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	54	50	0	104
8. Occupancy	0	797	926	0	1,723
9. Inflation	0	3,265	5,946	0	9,211
TOTAL	0	40,000	35,000	0	75,000

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	40,000	35,000	0	75,000
State Funds Subtotal	0	40,000	35,000	0	75,000
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	40,000	35,000	0	75,000

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	40,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2017

MSOP - St. Peter Campus - Predesign/Design, Remodel/Construct

2012 STATE APPROPRIATION REQUEST: \$1,700,000

AGENCY PROJECT PRIORITY: 2 of 4

PROJECT LOCATION:

Project At A Glance

- Predesign and Design funding is requested for the lower campus of St. Peter. Renovation and remodeling of buildings (such as Bartlett Hall and Sunrise) will provide bed space to individuals committed to the DHS Minnesota Sex Offender Program (MSOP).
- First phase of a multiphase project to create critical bed space. Current projections indicate that by the summer of 2014, MSOP will again be in need of bed space.

Project Description

This request is for funding of \$1.7 million to pre-design and design the future renovation/remodeling of existing buildings on the lower campus of the Department's St. Peter Regional Treatment Center for MSOP residential and program operations. For example, Bartlett Hall and the Sunrise building have the potential to provide approximately 200 additional beds for MSOP on the St. Peter campus. Other buildings such as the old laundry and Tomlinson will also be reviewed for potential reuse by MSOP.

This project will predesign and design renovation/remodeling that will involve the replacement and/or upgrading of the HVAC systems, plumbing and electrical, security and life safety (fire sprinklers and new detection/alarm systems) systems. In addition, the building envelopes will be upgraded, including tuck pointing and window and door replacement. Some interior reconfiguration will also be involved; however, the extent of interior reconfiguration will be finalized in the predesign phase of the design process for this project.

This request is for the first phase of a multi-phase project. Funds for predesign and design are being requested in 2012. Funds for construction/renovation and furnishings, fixtures and equipment (FF&E) will be requested in both 2014 and 2016.

Background

In the early 1990s, the state experienced growth in the number of individuals committed as sexual psychopathic personalities/sexually dangerous persons (SPP/SDP). Based on projected referrals to the Minnesota Sex Offender Program, the 1993 Legislature authorized the construction of a 100-bed secure facility in Moose Lake and a 50-bed expansion of the program's facilities on the St. Peter campus.

Continued growth in the MSOP population resulted in the expansion of 50 additional beds to the existing Moose Lake facility in 2000. In 2003, following a tragic and high-profile murder case, the population growth again was impacted significantly. In response, the Pexton Building on the St. Peter campus was renovated in 2005 to accommodate this population and plans were proposed for a 400 bed secure facility to be constructed in Moose Lake. The construction of Complex I at Moose Lake was completed and the building was occupied in 2009.

Between 2000 and 2009, the MSOP population nearly quadrupled. Although the growth rate has slowed considerably, econometric modeling continues to project 50 new clients committed to MSOP each year. (The appropriation in the 2011 bonding bill to renovate Shantz Hall will meet the program's short-term space needs by providing MSOP with 55 additional beds by the summer of 2013.) However, **by summer 2014, The Department projects that MSOP will again need additional bed capacity.**

New Initiative for St Peter campus

This request, and the first priority project listed in the Department's 2012 Capital Budget request, represents a new long-range strategic plan for the St. Peter campus. This new, phased initiative will result in the eventual relocation of all of the MSH residential and program activities from the lower campus to the upper campus and **the reuse/redevelopment of the lower campus for the Minnesota Sex Offender Program (MSOP).**

MSOP - St. Peter Campus - Predesign/Design, Remodel/Construct

As discussed in the narrative for DHS's first priority project, the intent of this new proposal for the St. Peter campus is to provide a logical long-range plan to address several very significant issues that the Department faces as it operates both MSH and MSOP, two distinctly different programs, on the St. Peter campus.

First, as discussed in the narrative for the first priority project, there is a real need to address critical patient and staff safety issues resulting from the design of the living units in the existing Minnesota Security Hospital. The poor unit configuration often results in patient and staff injury as staff attempt to relocate a patient whose behavior requires staff intervention from the living unit pod.

Second, while MSH patients are considered vulnerable adults, MSOP clients are not. Currently both programs have individuals who have been approved for having privileges outside the secure perimeter and therefore have the ability to walk outside on campus grounds. As more MSOP clients move to the later stages of treatment, more are likely to be approved for these kinds of privileges. However, allowing individuals from both programs to circulate on the lower campus is not good policy. The Department believes it is important to make a concerted effort to separate the two populations. Having MSH vacate all of its program space on the lower campus will address this issue and eliminate the potential for intermingling of these very different populations in the future.

Third, MSOP will need additional bed capacity on the St. Peter campus as its program continues to grow. MSOP will be out of beds by the summer of 2014. The type of space that MSOP needs at St. Peter (the location which MSOP uses for individuals that are in the later stages of treatment), is much different than the space that it uses for the early stages of treatment at Moose Lake. The buildings that MSH will vacate on the lower campus, once new facilities are developed on upper campus for MSH programs, will, after basic renovation and/or infrastructure upgrades, provide space that will readily meet MSOP's later stage treatment program space requirements and create needed space for MSOP to utilize for residential and program purposes. The smaller living units promote a much more therapeutic environment for those individuals that are working hard to reach the reintegration phase of their treatment program.

Completion of Phase One of the MSH project on the upper campus will allow for the relocation of MSH patients from Bartlett Hall. MSOP will then occupy part of Bartlett Hall and begin to remodel the unoccupied space in the building. Upon completion of the first part of the Bartlett Hall renovation, MSOP clients will be relocated into the renovated space and the balance of the building will then be renovated. Please note that the MSOP renovations and building infrastructure upgrade are a separate and distinct capital project from the Department's first priority project. In 2012 the Department is requesting the predesign and design funding for these renovations/remodeling as its second priority project.

In addition, since all of MSOP's St. Peter programs currently operate on the lower campus, it makes sense to plan/direct future MSOP expansion at St. Peter to the lower campus.

Lastly, as discussed in the narrative for the first priority project, constructing new facilities on the upper campus for MSH will facilitate development of modern residential treatment facilities specifically designed to meet the long-term needs of the distinctly different subpopulations of persons with mental illness who are served by the MSH.

Impact on Agency Operating Budgets (Facilities Notes)

The increasing MSOP population will add future costs to the Department's operating budget for MSOP.

Previous Appropriations for this Project

No previous funds have been appropriated for predesign, design or remodeling Bartlett or Sunrise Buildings for the MSOP program.

Other Considerations

MSOP currently occupies all of Pexton Hall and the second floor of Shantz Hall on the lower St. Peter campus. After renovations are completed on the Shantz Building (funded in 2011), MSOP will occupy the entire building. Pexton and Shantz Buildings are located within one secure perimeter.

MSOP - St. Peter Campus - Predesign/Design, Remodel/Construct

The Department's proposal for the St. Peter campus addresses several significant factors for MSOP:

- By specifically renovating the Bartlett and Sunrise Buildings MSOP can offer treatment within smaller living units, which promotes a safe therapeutic environment, while meeting the bed space needs of the program.
- This plan allows for the gradual progression of MSOP treatment and increased privileges to occur from Moose Lake to the St. Peter campus.
- The predesign, design and renovation/construction of Bartlett Hall and Sunrise will provide approximately 200 additional beds on the St. Peter campus, which solves bed space needs for MSOP through 2018.

Project Contact Person

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Governor's Recommendations

The Governor recommends general obligation bonding of \$1.7 million for this request. Also included are budget planning estimates of \$18 million in 2014 and \$10 million in 2016.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	65	50	0	115
3. Design Fees	0	1,411	650	125	2,186
4. Project Management	0	0	361	325	686
5. Construction Costs	0	0	13,644	6,620	20,264
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	55	0	55
8. Occupancy	0	0	818	804	1,622
9. Inflation	0	224	2,422	2,126	4,772
TOTAL	0	1,700	18,000	10,000	29,700

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	0	1,700	18,000	10,000	29,700
State Funds Subtotal	0	1,700	18,000	10,000	29,700
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	0	1,700	18,000	10,000	29,700

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	1,700	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
Yes	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2017

System-Wide Asset Preservation

2012 STATE APPROPRIATION REQUEST: \$5,000,000

AGENCY PROJECT PRIORITY: 3 of 4

PROJECT LOCATION:

Project At A Glance

- Maintain and preserve capital investments in state assets
- Provide repairs and replacements to basic facility infrastructure and key mechanical, electrical, utility, and HVAC systems
- Address known security and safety hazards, health risks and code deficiencies
- Repair and replace leaking or deteriorated roofing systems
- Maintain the basic building envelope systems of the state's buildings

Project Description

This project request involves the repair, replacement, and renewal needs specific to the operations of the Department of Human Services' (DHS) State Operated Services (SOS) facilities and Minnesota Sex Offender Program (MSOP) facilities. These needs developed over time, and represent a system-wide assessment of the facilities' deficiencies, including, but not limited to the following:

- Security and safety hazards and code compliance issues
- Life/fire safety deficiencies (fire sprinkling, detection/alarm systems)
- ADA requirements/reasonable accommodations
- Emergency power/egress lighting upgrades
- Roof repair and replacement
- Mechanical and structural deficiencies
- Tuck pointing and other building envelope work (window and door replacement, fascia and soffit work, re-grading around foundations, etc.)
- Elevator repairs/upgrades
- Road and parking lot maintenance

- Major mechanical and electrical utility system repairs, replacements, upgrades and/or improvements, including the replacement of boilers and upgrade of steam systems
- Abatement of hazardous materials (e.g., asbestos containing pipe insulation, floor and ceiling tile, lead paint, etc.) and
- Demolition of deteriorated/unsafe/non-functional buildings and structures

Background Information

Funding of this request will enable DHS, and its facilities, to continue to address/reduce the problem of deferred maintenance and deferred renewal at the RTCs. Failure to fund this request will only intensify the problem. Additional deterioration will result and the state's physical plant assets will continue to decline. Future costs may actually compound, as complete replacement may become the most cost effective and efficient alternative for addressing related deficiencies.

The key objective of asset preservation is to help reduce the amount of deferred maintenance and deferred renewal referred to as the "capital iceberg." Although most projects associated with this request are considered nonrecurring in scope, all facility components require scheduled maintenance and repair, and eventually many require replacement. The average life cycle of most projects associated with this request range between 25 and 30 years; however, some have longer life cycles (i.e. tuck pointing, window replacement), and a few may have shorter life cycles (i.e. road and parking lot seal coating and overlays, exterior painting, and UPS (uninterruptable power systems)). These projects involve significant levels of repair and replacement and, because of the system-wide magnitude, cannot be addressed with the current level of repair and replacement funding in the agency's operating budget.

Each of DHS's facilities is responsible for maintaining a list of projects required to preserve their fixed assets. These perpetual and ever changing lists are comprised of projects directly related to asset preservation or deferred maintenance and renewal. The facilities' asset preservation plans must support the future need and projected use of the facility. Building components are not evaluated on an individual deficiency basis, but rather on an overall building evaluation or assessment basis to determine that its life cycle characteristics and program suitability are in balance.

System-Wide Asset Preservation

Impact on Agency Operating Budgets (Facilities Notes)

Lack of funding of this request will require the use of a large percentage of limited repair and replacement operating funds to address critical and expensive asset preservation projects. This action would limit the agency's ability to address routine preventative, predictive and corrective facility maintenance and would actually compound the existing deferred maintenance problem and result in a substantial increase in the long-range deferred maintenance/renewal at the agencies facilities. Funding of this request will not require the agency's operating budget to increase or decrease.

Previous Appropriations for this Project

2011 Legislature appropriated \$4.7 million
2010 Legislature appropriated \$2 million
2009 Legislature appropriated \$2 million
2008 Legislature appropriated \$3 million
2006 Legislature appropriated \$3 million
2005 Legislature appropriated \$3 million
2002 Legislature appropriated \$4 million

Other Considerations

Continued funding at the requested level for several biennia will enable DHS to make a significant impact on the system's deferred maintenance problem.

Adequate funding levels for maintaining state physical plant assets could be appropriated to each agency's operating budget to maintain new or upgraded facilities. When a new building is authorized an appropriate amount of maintenance funds could also be appropriated to the agency's base budget to maintain the new facility into the future. These funds could be placed into a special agency revolving account so they can be utilized and/or managed over a period of years to address major repairs, and replacement/renewal of major building components without agencies having to compete for such funding in future bonding bills.

In some cases repair and improvement may be a very prudent measure, while in other cases total replacement may be the most viable alternative.

However, in light of the department's past excess building capacity, demolition of some buildings has been determined to be the most economical and prudent choice of action. In addition, downsizing of facilities and/or deactivation of individual buildings must also be considered when determining which buildings asset preservation funds should be requested for, or committed to.

Minnesota Statutes 2010, sec. 16A.11, subd. 6. Building maintenance and capital betterment. *The detailed operating budget and capital budget must include amounts necessary to maintain and better state buildings. The commissioner of management and budget, in consultation with the commissioner of administration, the Board of Trustees of the Minnesota State Colleges and Universities, and the regents of the University of Minnesota, shall establish budget guidelines for building maintenance and betterment appropriations. Unless otherwise provided by the commissioner of management and budget, the combined amount to be budgeted each year for building maintenance and betterment in the operating budget and capital budget is one percent of the replacement cost of the building, adjusted up or down depending on the age and condition of the building.*

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Governor's Recommendations

The Governor recommends general obligation bonding of \$2.5 million for this request. Also included are budget planning estimates of \$2.5 million in 2014 and 2016.

Human Services, Department of
System-Wide Asset Preservation

Project Detail
 (\$ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	405	485	476	1,366
4. Project Management	0	145	145	145	435
5. Construction Costs	21,700	4,071	4,846	4,768	35,385
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	379	1,024	1,611	3,014
TOTAL	21,700	5,000	6,500	7,000	40,200

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	21,700	5,000	6,500	7,000	40,200
State Funds Subtotal	21,700	5,000	6,500	7,000	40,200
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	21,700	5,000	6,500	7,000	40,200

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	5,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
No	MS 16A.695 (2): Use Agreement Required
No	MS 16A.695 (4): Program Funding Review Required (by granting agency)
No	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2017

Early Childhood Facilities

2012 STATE APPROPRIATION REQUEST: \$3,100,000

AGENCY PROJECT PRIORITY: 4 of 4

PROJECT LOCATION:

Project At A Glance

\$3.1 million is requested for Early Childhood Facilities grants to political subdivisions:

- Early Childhood grants help local entities renovate and renew substandard older, or construct new, early childhood facilities
- Grants must be matched 50% with non-state funds
- This statewide grant program supports children's school readiness

Project Description

Minnesota Statutes 256E.37 [**Early Childhood Learning and Child Protection Facilities**] funds construction or rehabilitation of facilities for early childhood programs, crisis nurseries, or parenting time centers. The facilities must be owned by the state or a political subdivision, but may be leased to organizations that operate the programs. Programs include Head Start, School Readiness, Early Childhood Family Education, licensed child care, and other early childhood intervention programs.

This grant program is administered by the Department of Human Services. Per statute, a grant for an individual facility must not exceed \$500,000 for each program that is housed in the facility, up to a maximum of \$2 million for a facility that houses three programs or more. State appropriations must be matched on a 50 percent basis with non-state funds. Priority will be given to projects that demonstrate how the grant can enhance or support provision of early childhood services that improve children's school readiness by meeting research-based program quality standards.

Head Start and other early childhood programs need funding to renovate facilities that have become substandard or not appropriately configured for

early childhood programs. When the \$3.1 million funding requested for 2012 is added to the funding provided in the 2011 bonding bill, eight to ten projects could be ready to begin construction/rehabilitation in spring 2013 with an average cost of \$500,000 per project. Quality preschool and early childhood facilities promote better outcomes for children. Investing in early childhood through facility improvement helps create jobs and meet the growing demand for high quality early learning experiences.

Priority may be given to projects that collaborate with child care providers, including all-day and school-age child care programs, special needs care, sick child care, nontraditional hour care, programs that include services to refugee and immigrant families, programs that will increase their child care workers' wages as a result of the grant, and projects that will improve the quality of early childhood programs.

Impact on Agency Operating Budgets (Facilities Notes)

None.

Previous Appropriations for this Project

The Legislature first provided \$2 million in bond funds in 1992 for eleven projects to construct or rehabilitate facilities for early childhood learning programs. In 1994, \$2 million was appropriated for ten projects; in 1996, \$3.5 million for 13 projects; in 1998, \$5 million for 19 projects (in this year only, of the total appropriation \$3 million was in general funds and the other \$2 million was in bond funds); and in 2000, \$2 million to fund six projects. More recently, \$500,000 in bond funds was appropriated in 2005 (Laws 2005, chapter 20, article 1, section 5, subd. 5) and again in 2006 (Laws 2006, chapter 258, section 4, subd. 5). Five projects were funded with the 2005 and 2006 appropriations; four are complete and one project remains in process.

The 2011 1st Special Session bonding bill provided \$1.9 million for this grant program. Applications for this funding will be due in April 2012, so that selected projects can be ready for the spring construction season.

Early Childhood Facilities

Other Considerations

The need for early childhood facilities is driven by requirements that space be safe and accessible. Early childhood programs must comply with DHS child care licensing rules. Preference is given to proposals that demonstrate meaningful collaboration within a community. In many parts of the state, it is difficult to find existing space that is safe and age appropriate; therefore, this funding is a catalyst for collaboration between cities, counties and school districts to improve early childhood facilities and promote better outcomes for children.

To have lasting impact, funding for this grant program should be regularized and sustained. Consequently this request also includes planned requests of \$5 million in the 2014 and 2016 bonding cycles.

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Governor's Recommendations

The Governor recommends general obligation bonding of \$3.1 million for this request. Also included are budget planning estimates of \$3.1 million in 2014 and 2016.

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	17,400	3,100	5,000	5,000	30,500
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
TOTAL	17,400	3,100	5,000	5,000	30,500

CAPITAL FUNDING SOURCES	Prior Years	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
State Funds :					
G.O Bonds/State Bldgs	15,400	3,100	5,000	5,000	28,500
General	2,000	0	0	0	2,000
State Funds Subtotal	17,400	3,100	5,000	5,000	30,500
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
TOTAL	17,400	3,100	5,000	5,000	30,500

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2012-13	FY 2014-15	FY 2016-17	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
TOTAL	0	0	0	0
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	3,100	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
Yes	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
Yes	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
Yes	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2017