

DCT Executive Board Meeting July 16, 2026

DCT Health System CEO Update

1. Strategic Pillar Outcomes

Quality

Our most significant accomplishment this month has been the launch of the Fiscal Year 27–29 Strategic Plan. Strategic Plan Ambassadors have been identified throughout DCT to help communicate priorities, engage frontline employees, and support implementation across the agency. All five strategic pillar workgroups are actively developing Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) objectives and measurable action plans, with first drafts expected by August 1. At the same time, teams continue closing remaining FY26 Strategic Action Plan initiatives to ensure continuity into the new planning cycle.

Building upon feedback received through the Malcolm Baldrige assessment, the Executive Team has begun evaluating DCT's leadership system to create a more consistent and integrated leadership framework. Current work focuses on leadership communication, organizational culture, workforce engagement, accountability, and organizational learning, all of which align closely with our strategic priorities.

Regulatory activity remains manageable. Forensics, Community-Based Services, and Outpatient Services have no significant regulatory issues to report. Within Mental Health and Substance Abuse Treatment Services, AMRTC has submitted a Plan of Correction related to survey findings involving foreign object incidents and is awaiting validation through a follow-up survey. Brainerd and Wadena also received minor correction orders following routine licensing reviews and are completing corrective action plans. Minnesota Sex Offender Program (MSOP) completed its Rule 26 audit covering health services, personnel records, and treatment documentation and is awaiting the final report.

Additionally, upon review of the Occupational Safety and Health Administration (OSHA) events over the past six months, there were five complaints within Mental Health and Substance Abuse Treatment Services (MHSATS), including one self-reported vendor

injury. Responses have been submitted to OSHA, and no additional action has been requested at this time.

- Key Takeaways
 - FY27–29 Strategic Plan implementation has officially begun.
 - Leadership system improvements are being integrated into strategic planning.
 - Regulatory activity remains routine and manageable.
 - OSHA matters continue through normal review processes.

Service

During the reporting period, service delivery remained stable across DCT programs while leadership continued advancing strategic priorities and strengthening system capacity.

Significant effort was dedicated to maintaining uninterrupted services during the CARE Fergus Falls facility emergency, demonstrating the organization's ability to respond effectively to operational disruptions while protecting client care.

DCT also continued to strengthen partnerships with external healthcare providers, including collaboration with Mayo Clinic to improve referral pathways, care coordination, and transitions across the behavioral health continuum. In addition, cross-system diversion and transition management initiatives advanced through enhanced coordination among service lines, improving patient flow and access to the most appropriate level of care.

These efforts reflect DCT's continued focus on operational excellence while building the partnerships and infrastructure necessary to support long-term system transformation.

- Key Takeaways
 - Service delivery remains stable.
 - Operational focus continues with strategic implementation.
 - Community partnerships and care coordination efforts continue to strengthen system capacity.

People

Supporting our workforce remains one of our highest priorities.

This month we welcomed Theresa Steinmetz as the newest member of the DCT Executive Board and began orientation to support her transition into Board leadership.

Implementation of Minnesota Paid Leave continues successfully. Since implementation, DCT has received over 1,100 leave requests, with 589 approved through DEED and an additional 123 currently under review. Family and Medical Leave activity also remains

steady, with 969 continuous leaves and 1,034 intermittent leaves approved year-to-date.

Recruitment continues to be a significant organizational focus. DCT currently has 473 vacancies agency-wide, including 252 key positions representing approximately 53 percent of all vacancies. While vacancy challenges continue, employee turnover remains relatively stable at 12.28 percent.

- Key Takeaways
 - Paid Leave implementation continues successfully.
 - Workforce vacancies remain a challenge, particularly among critical positions.
 - Employee turnover remains relatively stable.

Financial

The Financial Pillar successfully completed five of its eight FY26 Strategic Action Plan objectives, with the remaining initiatives intentionally transitioning into the FY27–29 Strategic Plan to ensure continuity of work.

Financial Operations has shifted attention toward year-end closeout activities, development of the FY2028–29 biennial budget, and preparation for first-quarter FY2027 financial reporting. Updated per diem rates for DCT programs will become effective August 1st, with an increase of approximately eight percent, reflecting negotiated labor agreements and technology costs previously funded through DHS.

Work also continues with Legal on implementation of the Cost of Care Rule, which will require updates to agency policies and procedures governing self-pay liability.

- Key Takeaways
 - FY26 financial priorities have largely been completed.
 - Biennial budget development is underway.
 - Updated reimbursement rates take effect August 1.

Technology

Technology Services continues strengthening governance while advancing modernization efforts across the agency.

Leadership continues meeting regularly with DCT Chief Operating Officers to improve project prioritization and organizational governance. Work is also underway to prepare legislative proposals supporting modernization of the Electronic Health Record and other critical enterprise systems while expanding analytics capabilities that improve operational decision-making

- Key Takeaways
 - Technology governance continues to mature.
 - Legislative proposals will support long-term modernization.
 - Data analytics remain an organizational priority.

2. Organizational Updates

Capital Projects

Capital investments continue progressing as planned. Design work remains on schedule for both the Energy Park campus and the Community Addiction Recovery Enterprise (CARE) Anoka project, with both projects continuing to meet budget expectations.

Construction activities for the Anoka Metro Regional Treatment Center (AMRTC) 50-bed expansion continue progressing on schedule. Building abatement has begun, groundbreaking is scheduled for September 10, and overall project timelines remain on target. The Cambridge demolition project remains on schedule for completion this fall.

Facility Condition Assessments are also underway for all state-owned buildings, with completion expected by September 1.

- Key Takeaways
 - All major capital projects remain on schedule and within budget.
 - Groundbreaking for the AMRTC expansion is scheduled for September.

Legal

Interagency Agreement (IAA) Renewals and Legal Coordination

DCT General Counsel's Office (GCO) along with DCT Contracts department worked closely with DHS counterparts on the upcoming renewal of the DHS–DCT Interagency Agreement (IAA), which expired June 30. An amendment was put in place for the current agreement to allow for each agency to review the needs before a revised version is put in place. Expectations are a new IAA will be in place in the next month or so and will cover the needs of each agency for the next year.

Executive Governance & Delegation Policy Work

Legal continued refinement of governance and delegation structures to confirm all necessary coverage to cover DCT's needs to operate effectively and in compliance.

Discussions focused on CEO authorities versus Board-retained authorities, budget-related workgroup flows, document updates and delegation review.

Compliance & Internal Controls

Legal contributed to the 2026 Control System Assessment Tool review, supporting Corporate Compliance in evaluating DCT's internal control posture and statutory adherence by providing narrative updates, control descriptions, and action-plan development.

Legal Operations & Billing

Legal processed Attorney General's Office (AGO) billing and FY26 financial reviews, ensuring timely submission of approved invoices. Additionally, the GCO actively updated pay codes with the AGO to track litigation spending per division.

Compliance and Risk Management

Compliance efforts remain strong throughout the organization. Executive conflict-of-interest disclosures are currently underway and will be completed by July 31.

The organization responded promptly to an isolated financial fraud involving an Minnesota State Operated Community Services (MSOCS) foster care home, where a vulnerable adult improperly transferred approximately \$542 from an imprest account to a personal Kwik Trip card. Upon discovery, DCT immediately froze the account, filed fraud claims with the bank, notified law enforcement, the Bureau of Criminal Apprehension, and the Office of the Legislative Auditor, and initiated an internal review to strengthen financial controls.

Additionally, DCT achieved an outstanding 97 percent compliance rate for required fraud prevention and reporting training.

- Key Takeaways
 - Compliance activities remain strong.
 - Internal controls functioned as intended in response to an isolated fraud incident.
 - Fraud prevention training compliance exceeded expectations.

Health Equity

Planning continues for DCT's September CLAS Conference in partnership with Department of Human Services (DHS) Health Care Administration, Aging and

Disability Services, and Department of Children, Youth, and Families (DCYF). The conference will provide employees with practical tools for implementing the National Standards for Culturally and Linguistically Appropriate Services and further strengthen DCT's commitment to equitable, person-centered care.

Human Resources and Learning & Development

Human Resources continues managing the 33 appeals associated with the unclassified employee transition while partnering with other state agencies to complete the review process.

Learning and Development achieved a 98.1 percent completion rate for the required statewide Awareness, Prevention, and Reporting training by the June 30 deadline. The team will continue providing regular compliance reporting to leaders to sustain these strong results.

- Key Takeaways
 - HR continues managing employee transition appeals that pertain to the recent unclassified to classified changes.
 - Mandatory training on fraud exceeded 98 percent of DCT staff.

Legislative, Communications and External Relations

Planning for the 2027 legislative session is well underway following Board approval of DCT's policy and budget priorities. Staff are now developing detailed budget proposals for submission through Minnesota Management and Budget while simultaneously preparing materials to support the upcoming gubernatorial transition.

Communications is preparing agency-wide messaging and videos supporting implementation of the new Strategic Plan while also developing new webpages for Jail Consultation Services, the Annual Excellence Conference, and the Culturally and Linguistically Appropriate Services Conference (CLAS) Conference.

Date	Budget Item
June 15, 2026	Narrative instructions and templates available
Before August 7, 2026	Budget structure (program or activity) change requests to Executive Budget Officer

August 7, 2026	Budget narratives due from agencies
Mid-August 2026	Preparing fiscal information (base budget) instructions available, including internal service and federal funds
Mid-August 2026	Budget proposal (change) instructions available
Mid-August 2026	Budget Planning and Analysis System (BPAS) and Departmental Earnings System (DE) user guides and training videos available
August 20, 2026	BPAS and DE system open for agencies
October 1, 2026	Budget narratives published to the MMB website
October 15, 2026	Base/enacted budget information due in BPAS and high-level change item information entered in BPAS (M.S. 16A.10, subd. 2); change items due from agencies
November 30, 2026	Base budget data submitted to the Legislature (M.S. 16A.10, subd. 2)
Early December 2026	November Forecast
November 2026 – January 2027	Gubernatorial transition

External partnerships continue to expand. DCT recently presented to the Minnesota Indian Affairs Council, which unanimously supported pursuing a statutory change adding DCT as a formal member of the Council. Additionally, DCT's "Stronger Together" initiative provided two days of collaborative education for hundreds of Tribal and county professionals and will continue through monthly educational offerings next year.

- Key Takeaways
 - Legislative planning remains on schedule.
 - Transition planning has begun.
 - Tribal and county partnerships continue to strengthen.

In Closing

As we begin implementing our FY27–29 Strategic Plan, the organization remains well positioned for the work ahead. Across DCT, we are transitioning from strategy development to execution while maintaining stable operations, advancing critical capital projects, strengthening our workforce, modernizing technology, and preparing for the upcoming legislative session.

Although recruitment challenges and routine regulatory oversight continue to require some focused attention, the organization remains financially stable, operationally strong, and committed to our Mission by improving services for the individuals and communities we serve.