

DCT Executive Board Meeting June 18, 2026

DCT Health System CEO Update

Executive Summary

Direct Care and Treatment (DCT) continues to demonstrate strong organizational performance across its 5 pillars - Quality, Service, People, Financial, and Technology while advancing several major strategic initiatives. Significant progress has been made toward organizational excellence through the Malcolm Baldrige Framework, strategic planning efforts, regulatory compliance activities, workforce stabilization, legislative engagement, and infrastructure expansion projects.

The organization remains focused on strengthening operational performance, enhancing workforce capabilities, modernizing technology infrastructure, and expanding treatment capacity to meet increasing demand for services. Current indicators suggest DCT remains on track to achieve its major strategic objectives while maintaining strong regulatory standing and financial stability.

Quality

Quality improvement efforts remain focused on strengthening organizational effectiveness through strategic planning, leadership development, regulatory compliance, and implementation of the Malcolm Baldrige Excellence Framework.

- Strategic planning activities are actively underway with the introduction of a Strategic Ambassador Program designed to foster organization-wide engagement and communication regarding strategic priorities. Direct engagement with frontline staff is also being incorporated into the planning process to ensure operational challenges, opportunities, and innovative solutions are identified and reflected in organizational priorities and action plans.
- DCT continues to make meaningful progress in its Malcolm Baldrige journey. Executive leadership recently completed a review of systemwide leadership approaches and identified priority improvement opportunities that will guide future performance

improvement efforts. Improvement plans are currently being developed based on feedback received through the Baldrige assessment process.

- Regulatory performance remains strong. Minnesota Specialty Health System (MSHS) Willmar completed a recent Joint Commission survey with only two citations and received exceptionally positive feedback from surveyors, who identified the facility as one of the strongest programs they have evaluated. Anoka Metro Regional Treatment Center (AMRTC) recently completed a state survey that is anticipated to result in a single standard citation related to patient safety processes. Corrective actions have already been initiated. Minnesota Sex Offender Program (MSOP) completed a virtual Department of Human Services (DHS) Rule 26 audit and anticipates some documentation-related findings associated with historical clinical staffing shortages; however, no significant regulatory concerns have been identified.

Board Consideration: Overall regulatory performance remains favorable, with no licensing holds or significant compliance concerns identified. Regulatory findings continue to be addressed proactively.

Service

DCT continues to strengthen relationships with external stakeholders while maintaining high levels of customer service performance.

- The second annual Partners Together Conference was successfully completed, bringing together more than 700 participants over the past two years. The conference continues to serve as an important venue for collaboration, education, and relationship-building with county partners and community stakeholders.
- Central Preadmissions continues to demonstrate exceptional customer service performance, managing nearly 47,000 calls during 2025 while maintaining a 99.5 percent answer rate. This performance reflects the organization's commitment to providing timely access and support for both internal and external partners.

Board Consideration: Service metrics continue to reflect strong operational performance and positive engagement with key external partners.

People

- Workforce indicators continue to reflect organizational stability despite ongoing labor market challenges and implementation of Minnesota Paid Leave requirements.
- DCT's overall turnover rate remains low at 9.02 percent, with vacancies holding at 7.72 percent across the agency. Vacancy levels continue to vary among service lines, though

overall workforce stability remains favorable compared to many behavioral health and healthcare organizations.

- Minnesota Paid Leave implementation continues to require significant organizational monitoring. Since implementation, 935 employees have applied for leave benefits. Between February and May 2026, approximately 194 full-time equivalents (FTEs) were on leave across DCT programs. Leadership continues to monitor staffing impacts, overtime utilization, and relief factor requirements to ensure safe staffing levels are maintained.
- Human Resources has completed notifications regarding the transition of affected positions into classified service following recent legislative action. Employees retain appeal rights through the established job audit process, with implementation scheduled for July 1, 2026.
- Learning and Development continues preparations for implementation of the new Learning Management System, Galaxy Learn, with deployment anticipated in Fall 2026.

Board Consideration: Workforce stability remains strong. Continued monitoring of Minnesota Paid Leave impacts will be important to understand long-term staffing and financial implications.

Financial

- Financial Operations are focused on successfully closing Fiscal Year 2026 while preparing for implementation of Fiscal Year 2027 budgets approved by the Board.
- The fiscal year concludes on June 30, with final financial close activities scheduled through August. Preliminary FY2026 year-end financial statements will be presented in August, followed by final FY2026 and first-quarter FY2027 financial reports in October.
- The organization continues to evaluate long-term funding needs associated with Minnesota Paid Leave, technology modernization, workforce support systems, and facility expansion initiatives.

Board Consideration: Financial planning remains aligned with strategic priorities and major operational initiatives. Additional funding considerations may be required in future biennial budget requests.

Technology

- Technology leadership continues to focus on strengthening governance, expanding analytics capabilities, modernizing infrastructure, and preparing for implementation of key enterprise systems.

- Executive leadership has approved investments supporting data analytics, time and attendance management, cybersecurity, onboarding processes, SharePoint governance, and overall technology modernization efforts. DCT is also developing future budget proposals to support ongoing Electronic Health Record expansion and technology sustainability.

Board Consideration: Technology remains a strategic focus area requiring continued investment to support operational growth, compliance, and workforce effectiveness.

Major Projects and Organizational Initiatives

Significant progress continues across DCT's capital and infrastructure portfolio.

- The AMRTC 50-bed expansion remains on schedule and on budget. Facility transition activities are nearing completion, with demolition and construction activities scheduled to begin during the summer. Completion remains targeted for 2028.
- The Energy Park facility project continues to advance through design and lease finalization activities. Construction is expected to be completed in 2027, creating permanent space for Community Addiction Recovery Enterprise (CARE) services, clinical operations, and administrative functions.
- Legislative planning efforts have already begun for the 2027 and 2028 legislative sessions. The External Relations team has completed a strategic review of agency priorities and developed a structured framework for future legislative initiatives.
- Tribal Relations activities continue to strengthen government-to-government relationships through consultation efforts, legislative summits, and participation in statewide tribal initiatives.

Board Consideration: Capital projects, legislative planning, and stakeholder engagement efforts remain aligned with DCT's long-term strategic direction.

Legal, Risk, and Compliance

- Litigation activity remains stable, with a modest increase in MSOP Commitment Appeal Panel (CAP) cases during the reporting period. Data privacy and information management activities continue to be monitored closely, with 14 reported data incidents and 575 data requests processed during the first two months of the fourth quarter.
- A comprehensive enterprise risk assessment has been completed and presented to executive leadership and the Board. Priority risks identified include billing and

collections compliance, technology and cybersecurity risks, Electronic Health Record management, human resources practices, and policy standardization across DCT.

- Compliance oversight remains strong, supported by favorable regulatory reviews, Office of Legislative Auditor (OLA) findings, and ongoing monitoring activities.

Board Consideration: Enterprise risk management processes are maturing and providing greater visibility in organizational risks and mitigation strategies.

2026 CEO Goal Update

1. **By the end of calendar year 2026, DCT will achieve the readiness criteria to be an eligible candidate to apply for the Malcolm Baldrige Award by advancing through the criteria established by Performance Excellence Network (PEN), LLC and successfully meeting the last of the four options.**

- **Update:** DCT remains on target. Following successful completion of the Level 3 assessment process, the organization is advancing toward Level 4 eligibility while simultaneously implementing improvements identified through the 2026 assessment process.
- **Board Takeaway:** DCT remains on schedule to achieve Malcolm Baldrige eligibility readiness and continues to strengthen organizational systems necessary for future national recognition.

2. **DCT will achieve the readiness criteria by moving from Option 3 to Option 4 by demonstrating successful outcomes that will proceed to meeting the eligibility criteria for the Malcolm Baldrige Excellence Award by the end of calendar year 2026.**

- **Update:** Successfully completed. DCT exceeded expectations and received the Advancement Award during the April 2026 IgniteEX Conference.
- **Board Takeaway:** This milestone validates DCT's quality improvement efforts and positions the organization to advance into the next phase of the Baldrige assessment process.

3. **Assess, evaluate, and prioritize DCT's risk factors from a new agency perspective and establish no more than 3-5 focus areas that will validate and ensure organizational compliance by June 2026.**

- a. **Compliance with Regulatory Requirements**

- **Board Takeaway:** DCT maintains strong regulatory standing with no significant compliance concerns, licensing restrictions, or regulatory barriers identified.

- b. **Litigation Oversight**

- **Board Takeaway:** Litigation monitoring processes are functioning effectively and continue to provide leadership and the Board with increased visibility into organizational risk exposure.

c. HR Delegation from Minnesota Management and Budget (MMB)

- **Board Takeaway:** Progress remains on track toward achieving full Human Resources (HR) delegation authority, which will increase organizational flexibility and operational efficiency.

d. Enterprise Risk Prioritization

- **Board Takeaway:** Key organizational risks have been identified and prioritized, providing leadership with a structured framework for mitigation and oversight.

e. External Relations and Stakeholder Engagement

- **Board Takeaway:** Legislative, tribal, and stakeholder engagement efforts have demonstrated measurable success and strengthened DCT's external partnerships and influence.

f. Statutory Reporting

- **Board Takeaway:** Required legislative and statutory reports continue to be completed on schedule, reflecting strong organizational accountability and governance.

4. Work in collaboration with HR, Finance and Technology to evaluate a time and attendance product for all DCT.

- **Update:** Executive approval has been obtained, funding has been identified, and procurement activities are underway.
- **Board Takeaway:** DCT is progressing toward implementation of a modern workforce management solution that will improve operational efficiency, workforce planning, and compliance oversight.

5. Assess, evaluate, and prioritize from a budget perspective the ongoing financial impact and funding required for key operational initiatives.

a. Minnesota Paid Leave

- **Board Takeaway:** Continued monitoring provides valuable insight into workforce and financial impacts, helping inform future staffing and funding decisions.

b. Technology Investment

- **Board Takeaway:** Strategic technology investments are being prioritized to support modernization, cybersecurity, workforce effectiveness, and long-term sustainability.

c. Access and Capacity Expansion

- **Board Takeaway:** DCT continues to maintain expected occupancy levels while advancing facility expansion projects that will increase capacity and improve access to care across the state.