



Minnesota Department of Human Services
PO Box 64998
St. Paul, MN 55164-0998

January 29, 2020

Dear Members of the Legislative Oversight Committee:

Enclosed is the quarterly fiscal report for the Minnesota Eligibility Technology System (METS). The report is submitted by the METS Executive Steering Committee (ESC) as required under Minnesota Statutes section 62V.055, subdivision 3.

As background and context on the presentation of the information:

- The first page provides an explanation of the tables in the report.
- Table 1 (page 2) "Overall Budget View" provides a four year budget overview of past, current and future years.
- Table 2A (page 3) "FY2019 vs. YTD (year to date)" provides a final look at expenditures received and processed after the end of the 2019 fiscal year.
- Table 2B (page 4) "FY2020 vs. YTD (year to date)" provides spending in the current year through the quarter ending with the current report.

All current year spending is shown on a cash basis, meaning expenditures are shown in the quarter in which payment was made. Since many expenditures are contract or invoice payments, payments often lag behind when the expenditure is incurred or the work is performed.

The current report includes actual expenditures through the end of fiscal year 2019, and the first quarter of fiscal year 2020 expenditures, ending September 30, 2019. Of particular note:

1. In Table 1, the FY19 budget has been updated to actual expenditures and the FY20 budget was added.
2. Table 2A (page 3) includes expenditures that are attributable to fiscal year 2019 which were received and processed between July 1 and September 30, 2019. As of September 30, only \$31,000 remains open against FY19. As a result, this is the last FY19 quarterly report. Final processing and reconciliation will be seen on future reports in the four year budget overview.

3. DHS received federal approval for the FFY20 METS Eligibility and Enrollment IAPD (Implementation Advance Planning Document), effective October 1. The FY20 development budget has been updated to reflect this.

If you have any questions or concerns feel free to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to be 'C. Johnson', with a long horizontal stroke extending to the right.

Charles E. Johnson, Co-Chair METS
Deputy Commissioner, DHS

A handwritten signature in blue ink, appearing to be 'Gregory Poehling', with a large circular flourish at the end.

Gregory Poehling, Co-Chair METS
Interim Chief Business Technology Officer, MNIT

Minnesota Eligibility Technology System

Fiscal Report for QE 9-30-2019

Introduction

1. The METS fiscal report is a product of the METS Executive Steering Committee Finance Work Group. This group includes financial management from MNIT, DHS and MNSure.
2. The report is produced quarterly, in accordance with M.S. 62V.055, Subdivision 3, and is available approximately 45 days following quarter-end.
3. The report includes two tables:

Table 1: Overall View of METS Budget. This table provides a four year view of the METS budget, including: actual FY 2018, est. actual FY 2019 budget, current FY 2020 budget and a preliminary plan for FY 2021. The FY 2021 preliminary budget for development reflects the last quarter of the current federal award. The FY 2021 preliminary operations budget is assumed to continue at the current level, but will be re-evaluated annually.

Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances) Table 2A (for FY 2019) and Table 2B (for FY 2020) show the fiscal year budgets, quarterly actual expenditures, and estimated encumbrances. Note that these tables include an *Expenditures After FY End* column to report on the fiscal year expenditures that will be recognized after June 30th due to the standard procedural lag between invoicing and payments.

Note: Expenditures often lag, i.e. do not occur at a steady rate throughout the year. Examples may include:

- a. State Personnel, due to payroll processing and interagency billing.
- b. Staff Augmentation and Service Contracts, due to billing lag, timing of various projects based on development roadmap, and associated deadlines throughout the year.
- c. Hardware/Software, due to processing time and the execution of payments throughout the year (not shown as accruals).
- b. MNIT Central Services, due to processing and interagency billing.

4. The tables are based on the following standard reporting conventions:

Development v. Operations. Within both the Expenditure and Financing sections, development is distinguished from operations. Development includes federally defined and applicable work, and MNSure development contributions. All other expenses are considered operations.

Expenditure Categories. Within the Expenditure section, the costs are reported in standard categories.

State Personnel	Developers, architects, project managers, business analysts, quality assurance, release management, security, and other MNIT staff, along with necessary business subject matter experts. Includes total compensation (salaries and fringe).
Staff Augmentation	Contracted individuals or companies to increase capacity.
Service Contracts	Major vendor agreements that provide expertise and enhanced functionality to the system.
Hardware/Software	Initial purchases and ongoing support costs for licensing/software and hardware.
MNIT Central Services	System infrastructure components including, but not limited to, server capacity, data storage, networking, routing, and bandwidth, provided as a service from MNIT. Also includes staff equipment.
General Administration	Training, supplies, travel, occupancy, and other miscellaneous administrative costs.

Financing Categories. Within the Financing section, the revenues (by funding source) associated with the fiscal years' expenditures is estimated based on the standing federal Public Assistance Cost Allocation Plan (PACAP) methodology. Note that actual revenues lag behind the expenditures by approximately 45 days due to the standard timing of the federal PACAP process.

Fiscal Report for QE 9-30-2019

Notes:

- *Development* includes federally defined and applicable work, and MNSure development contributions. All other expenses considered *operations*.
- *Expended* includes actual fiscal year expenditures. Due to normal processing and invoicing time, some expenditure reporting may lag.
- *Fiscal Year Financing* numbers are based on the federally-approved cost allocation methodology that is generally applicable to each fiscal year (i.e. the report reflects a reasonable matching of expenditures and revenue).
- *Expenditures After Fiscal Year (FY) End*. Due to the standard lag between invoicing and payments, fiscal year expenditures may be recognized after June 30th.