This document is made available electronically by the Minnesota Legislative Reference Library as part of an ongoing digital archiving project. http://www.leg.state.mn.us/lrl/lrl.asp



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.
- 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,

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

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:

<u>Table 1: Overall View of METS Budget</u>. 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.

<u>Table 2: Budget vs Est. YTD (expenditures & est. remaining encumbrances)</u> 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:

<u>Development v. Operations</u>. 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.							

<u>Financing Categories</u>. 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.

Minnesota Eligibility Technology System Fiscal Report for QE 9-30-2019

TABLE 2A: FY 2019 Budget vs YTD	FY 2019 Budget	QE 9/30/18 Expenditures	QE 12/31/18 Expenditures	QE 3/31/19 Expenditures	QE 6/30/19 Expenditures	Expenditures After FY End	YTD Expenditures	%	Estimated Encumbrances	Est. FY Exp & Enc	%	Estimated Balance	%
Expenditures												200	
	15 116 013	5 020 250	10 200 050	0.005.006	10,264,242	5,923,161	42,708,105	94%	24,000	42,732,105	94%	2,714,837	6
Development	45,446,942	5,929,350	10,388,959	9,885,086	the second s				24,000				
State Personnel	14,435,437	2,335,925	3,314,012	2,791,510	2,293,396	2,281,420	13,016,263	90%		13,016,263	90%	1,419,174	10
Staff Augmentation	9,975,676	1,123,291	2,427,575	1,989,950	2,536,397	1,483,467	9,560,680	96%	2,000	9,562,680	96%	412,996	4
Service Contracts	16,229,605	1,970,106	4,321,521	3,952,680	4,674,595	2,081,367	17,000,269	105%	0	17,000,269	105%	(770,664)	-5
Hardware/Software	1,754,296	567,315	21,932	532,240	298,772	45,021	1,465,280	84%	15,000	1,480,280	84%	274,016	16
MNIT Central Services	1,503,011	0	37,078	373,571	140,467	150,176	701,292	47%	0	701,292	47%	801,719	53
General Administration	1,548,917	250,020	266,841	245,135	320,615	(118,290)	964,321	62%	7,000	971,321	63%	577,596	37
Operations	29,992,251	2,793,653	7,179,532	8,989,940	4,220,464	4,475,783	27,659,372	92%	7,000	27,666,372	92%	2,325,879	8
State Personnel	10,126,768	1,089,599	2,562,717	2,535,821	2,118,496	1,538,280	9,844,913	97%	0	9,844,913	97%	281,855	3
Staff Augmentation	4,774,558	287,177	1,035,749	1,020,619	787,645	366,452	3,497,642	73%	2,000	3,499,642	73%	1,274,916	27
Service Contracts	1,660,000	93,604	607,291	1,191,321	42,252	297,976	2,232,444	134%	0	2,232,444	134%	(572,444)	-34
Hardware/Software	4,341,575	1,163,856	40,477	1,886,546	347,110	53,735	3,491,724	80%	0	3,491,724	80%	849,851	20
MNIT Central Services	8,297,100	0	2,747,134	2,200,421	720,387	2,295,949	7,963,891	96%	0	7,963,891	96%	333,209	4
General Administration	792,250	159,417	186,164	155,212	204,574	(76,609)	628,758	79%	5,000	633,758	80%	158,492	20
Total Expenditures	75,439,193	8,723,003	17,568,492	18,875,026	14,484,706	10,398,944	70,050,170	93%	31,000	70,398,478	93%	5,040,715	7
State Personnel	24,562,205	3,108,217	5,876,730	5,327,331	4,411,892	3,819,700	22,543,869	92%	0	22,861,177	93%	1,701,028	7
Staff Augmentation	14,750,234	1,410,468	3,463,324	3,010,569	3,324,042	1,849,919	13,058,322	89%	4,000	13,062,322	89%	1,687,912	11
Service Contracts	17,889,605	2,063,710	4,928,812	5,144,001	4,716,847	2,379,343	19,232,713	108%	0	19,232,713	108%	(1,343,108)	-8
Hardware/Software	6,095,871	1,731,171	62,409	2,418,786	645,882	98,756	4,957,004	81%	15,000	4,972,004	82%	1,123,867	18
MNIT Central Services	9,800,111	0	2,784,212	2,573,992	860,854	2,446,125	8,665,183	88%	0	8,665,183	88%	1,134,928	12
General Administration	2,341,167	409,437	453,005	400,347	525,189	(194,899)	1,593,079	68%	12,000	1,605,079	69%	736,088	31
Financing													
Development - TOTAL	45,446,942	5,929,350	10,388,959	9,885,086	10,264,242	5,923,161	42,708,105		24,000	42,732,105		2,714,837	
Federal Share	31,959,559	5,059,862	8,492,483	7,452,702	6.958,755	3,590,300	31,554,102	-	17,750	31,571,852		387,707	
CCIIO	0	0	0,452,405	0	0,550,755	0	0		0	0		0	
Medicaid	31,959,559	5,059,862	8,492,483	7,452,702	6,958,755	3,590,300	31,554,102		17,750	31,571,852		387,707	
Non-Federal Share	13,487,383	869,488	1,896,476	2,432,384	3,305,487	2,332,861	11,154,003		6,250	11,160,253		2,327,130	
MNsure	6,411,641	624,588	952,867	695,169	894,911	1,057,563	4,225,098		0,250	4,225,098		2,186,543	
DHS	7,075,742	244,900	943,609	1,737,215	2,410,576	1,275,298	6,928,905		6,250	6,935,155		140,587	
Operations - TOTAL	29,992,251	2,793,653	7,179,532	8,989,940	4,220,464	4,475,783	27,659,372		7,000	27,666,372		2,325,879	
Federal Share	18,071,024	1,796,226	4,700,744	5,552,150	2,390,712	2,622,314	17,062,146		4,307	17,066,453		1,004,571	
CCIIO	0	0	0	0	0	0	0		0	0		0	
Medicaid	18,071,024	1,796,226	4,700,744	5,552,150	2,390,712	2,622,314	17,062,146		4,307	17,066,453		1,004,571	
Non-Federal Share	11,921,227	997,427	2,478,788	3,437,790	1,829,752	1,853,469	10,597,226		2,693	10,599,919		1,321,308	
MNsure	4,213,151	360,927	879,276	1,125,938	634,091	550,545	3,550,777		697	3,551,474		661,677	
DHS	7,708,076	636,500	1,599,512	2,311,852	1,195,661	1,302,924	7,046,449		1,996	7,048,445		659,631	
TOTAL FINANCING	75,439,193	8,723,003	17,568,492	18,875,026	14,484,706	10,398,944	70,367,478		31,000	70,398,478		5,040,715	
Federal Share	50,030,583	6,856,088	13,193,227	13,004,852	9,349,467	6,212,614	48,616,248		22,057	48,638,305		1,392,278	
CCIIO	0	0	0	0	0	0	0		0	0		0	
Medicaid	50,030,583	6,856,088	13,193,227	13,004,852	9,349,467	6,212,614	48,616,248		22,057	48,638,305		1,392,278	
Non-Federal Share	25,408,610	1,866,915	4,375,265	5,870,174	5,135,239	4,186,330	21,751,230		8,943	21,760,173		3,648,437	
MNsure	10,624,792	985,515	1,832,143	1,821,107	1,529,002	1,608,108	7,775,875		697	7,776,572		2,848,220	
	14,783,818	881,400	2,543,121	4,049,067	3,606,237	2,578,222	13,975,354		8,246	13,983,600		800,218	

Construction
C