



February 27, 2020

Senator Jim Abeler
3215 Minnesota Senate Building
St. Paul, MN 55155

Representative Tina Liebling
477 State Office Building
St. Paul, MN 55155

Senator Michelle Benson
3109 Minnesota Senate Building
St. Paul, MN 55155

Representative Joe Schomacker
575 State Office Building
St. Paul, MN 55155

Senator John Marty
2104 Minnesota Senate Building
St. Paul, MN 55155

Re: February 2020 Forecast Administrative Adjustments

Dear Health & Human Services Chairs:

In the fall of 2019, you requested that we highlight certain forecast adjustments in conjunction with the release of our November and February *Budget and Economic Forecasts*. In your letter, you requested information regarding administrative errors and corrections. We have developed a list of noteworthy adjustments to the forecast that are not driven by program use, underlying economic change, or external factors such as federal approvals. The list includes items beyond errors and corrections. Additional detail on each item is provided in the attached document.

In addition, as we do with all forecasts, we have identified significant forecast changes in narrative documents, which are posted on MMB's and DHS's websites. The MMB forecast narrative is posted here: <https://mn.gov/mmb/forecast/>. The DHS forecast narrative, which is more detailed, is posted here: <https://mn.gov/dhs/general-public/publications-forms-resources/reports/financial-reports-and-forecasts.jsp>.

If you have questions about this, please contact Ahna Minge (DHS) at ahna.b.minge@state.mn.us or Angela Vogt (MMB) at angela.vogt@state.mn.us.

Sincerely,


Jodi Harpstead
Commissioner, Department of Human Services


Myron Frans
Commissioner, Management and Budget

February 2020 Forecast Administrative Adjustments

The following is a list of administrative adjustments in the February 2020 forecast. Administrative adjustments are defined as changes to the forecast that are not driven by updated base data, econometric and/or statistical modelling, the economy or any other external factors. The state share value of these adjustments include all fiscal years in the forecast horizon.

	State Share (\$ millions)			Budget Activity	Fund
	FY2019	FY2020-21	FY2022-23		
Asset Verification System (AVS) Implementation:					
DHS began mailing forms to current MA enrollees in August 2019 requesting permission to verify assets. Some enrollees failed to return a signed form timely and subsequently had their MA eligibility terminated. Statistical analysis of MA enrollment data suggests this will ultimately result in a 1% reduction in MA Elderly and MA Disabled enrollment when mailings are completed in March.					
MA Elderly enrollment	0.0	(11.2)	(13.5)	BACT 33	General Fund
MA Disabled enrollment	0.0	(13.7)	(19.6)	BACT 33	General Fund
Northstar Care Income Offsets (Title IV-E):					
To conform with Federal requirements, the state will no longer offset certain income sources against Northstar Care grants effective July 2019.					
	0.0	0.9	2.0	BACT 26	General Fund
BHP Reconciliation:					
Following the reconciliation process for 2016 Q1-Q3, the state received less of a reduction in federal BHP funding than expected for various systems issues and forecast variance. This results in more federal BHP funding relative to the previous forecast which, in turn, leads to decreased HCAF expenditures.					
	0.0	(36.6)	0.0	BACT 31	HCAF
Behavioral Health County Share					
Assumes county share remains unchanged since language intended to change the county share was not included in the enacted bill in the 2019 session. This was highlighted in this letter in November, but inadvertently omitted from the forecast estimates at that time.					
	0.0	(7.8)	0.0	BACT 35	General Fund
TANF Fund Balance					
An error in how TANF recoveries are counted in the TANF fund balance has been corrected. The net impact to the TANF fund balance is an increase of \$2 million per year, or \$8 million over FYs 2020-2023. This has no effect on the General Fund or TANF forecasts for the MFIP program.					
	0.0	0.0	0.0	BACT 21	GF / TANF