

Minnesota HMIS Operating Year 2023 Budget Narrative

As the 2023 operating year begins, ICA Minnesota is prepared to support our communities with systems, information and analysis that empower decision-making that makes homelessness in Minnesota rare, brief, and non-recurring. We believe engaged users produce quality data when they are well-trained, see relevance of the database to their daily work, and can get the help they need. This will cost \$2.8 million.

Expenses

Staff salaries - \$1,943,012: ICA Minnesota budgeted for 25 full-time staff – 1 director, 3 supervising managers, 2 project managers, 2 training specialists, 5 analysts, 5 regional or program-dedicated system administrators, 2 support staff, and 5 system administrators. This includes four new positions that enhance our board operations, and increase training and analysis capacity.

Contract staff - \$315,000: Three contract-based staff are entering into their last year with ICA as the roles were previously funded by ESG-CV. Extending these contracts through the end of OY23 will spend down our operating reserve to 10%, as agreed upon by the board finance committee. These staff have enabled HMIS reporting for ESG-CV, operating our newsletter and helpdesk, and staffed our pilot scrum team with Hennepin County. The scrum team recently achieved a milestone in Hennepin shelters by altering the night-by-night shelter workflow, bringing it into compliance with HUD standards and lightening the data entry load for high volume shelter staff.

Operations - \$290,000:

- **Office rent:** ICA Minnesota office rent costs \$81,000 annually.
- **Travel - \$60,000:** Management and regional system administrators actively travel to agencies for site visits, conferences, and community meetings. After two years of low expenses, this line item will resume pre-pandemic levels as ICA places high value on staff being out in the community.
- **Training - \$45,000:** this includes professional development for staff that can be tailored to the role (e.g. a coding seminar for an analyst) as well as all-staff training devoted to anti-racist and diversity, equity and inclusion curriculum.
- **Administrative, utilities, software & hardware - \$104,000:** Operations costs are rounded out with administrative services (e.g. cyber-security insurance, human resources, information technology); computer hardware (replaced on a three-year cycle); software including project management, learning management system, invoicing and customer relationship management platforms that enable training, billing, helpdesk operations, and knowledge base; and cloud server storage.

HMIS Governing Board: Ten thousand (\$10,000) is reserved for a Governing Board retreat or gathering for strategic planning.

HMIS software - \$305,543: Because contract negotiations with WellSky extended late in prior year, the contract was secured and paid in the last month of OY22, extending through the end of June 2023. Assuming a renewal, the cost will be slightly higher due to steady increase in users (one-time fees) and percent increases allowable in our contract. In the last operating year, we purchased 90 new licenses.

Income

Unchanged

Continuums of Care - \$853,158: Our ten Continuums of Care funded HMIS at a constant rate compared to prior year. Our existing Youth Homelessness Demonstration Project (YHDP) grant was renewed in a noncompetitive funding cycle for two years.

Emergency Solutions Grants dedicated to COVID-19 (ESG-CV) relief have been entirely expended and were not renewed for this budget year.

Department of Human Services - \$1,000,000: Our largest revenue source is Department of Human Services, which represents DHS and Minnesota Housing Finance Agency (MHFA). This budget year marks the last year of a two-year contract, ending 8/31/2023 with approximately \$1M remaining.

Federal funding \$175,000: Agencies that receive federal funding from these funding sources are asked to contribute 2% of their grants to HMIS. Some agencies have multiple grants. Most contributed upon request in OY22. Anticipated federal grantees include 15 Runaway Homeless Youth Act (RHY) recipients, ESG recipients (6 jurisdictions, 1 SSVF recipient, 1 HOPWA recipient totaling \$175,000.

New income sources

Hennepin Planning and Hennepin YHDP - \$244,000: Hennepin Continuum of Care was awarded YHDP funding and with that comes a new revenue source for HMIS. This includes 2% of their total budget plus funding for a HMIS staff position starting October 1, 2022. Hennepin CoC also subcontracted planning grant funds to cover one new FTE focused on data quality monitoring.

User fees: User fees round out our sources of income. With approximately 1500 users, annual fees are \$225 per user. Increased access to custom reporting is \$275 per user.

Operating Reserve Spend Down

In 2022, the Governing Board Finance Committee voted to spend down the current operating reserve, which resulted from unspent user fees. Operating reserve target amount is 10-15% of overall budget (~\$3M). At start of OY2023, the operating reserve is approximately \$637,000.

To spend this down, ICA is retaining 3 contract staff previously funded by ESG-CV dollars. At close of the operating year, the reserve will meet the requested 10-15 percent.

Potential new income sources

In 2023, HUD will announce recipients of the Special NOFO competition. HMIS is a project applicant for all possible Minnesota Special NOFO recipients. ICA applied at 2.5% of possible awards for each region.

Minnesota HMIS 2023 Budget Forecast	
<i>September 1, 2022 - August 31, 2023</i>	
Operating reserve (starting balance)	\$ 637,371.42
INCOME	2023
Continuums of Care (CoCs)	\$1,057,158
State Agencies	\$1,000,000
Federal Grantees - ongoing	\$175,000
End User Fees	\$337,500
Foundations	\$ -
TOTAL INCOME	\$2,569,658
EXPENSES	2023
ICA - Staff	1,943,011.96
ICA - Office Space & Operations, Travel, Training	\$290,000
HMIS Software Costs (including modules)	\$305,543
HMIS Governing Board Budget	\$10,000
ICA - Contract Staff (temporary)	\$315,000
TOTAL EXPENSES	\$2,863,555
<i>Difference</i>	<i>\$343,474</i>