



## Federal Funds Update Call

Avery Prine & Sam Rockwell | Federal Funds Implementation Team

# July 31st, 2025 Agenda

## **Presentation (15 minutes)**

1. Introduction: Team & Purpose
2. Updates: Disruptions, NOFOs, EOs and Guidance
3. Topic Area Spotlight: Overview of Reconciliation Impacts in Minnesota

## **Questions and Group Discussion (15 minutes)**

# Team Intro & Overview

**Mission:** Partner with Minnesota entities to access and deploy federal funds to accelerate state goals.



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## Our Focus Areas

1. Monitor the federal landscape
2. Advance the resourcing of strategically significant projects
3. Monitor and evaluate federal funds deployment
4. Curate, develop & share federal funding technical assistance

# Purpose of this call

**While we can't provide clarity right now, we can:**

- Share information to facilitate risk analyses
  - Tracking reimbursement blockages
  - Tracking cancellations
  - Tracking NOFOs
  - Tracking guidance and EOs
- Provide a space for others to share information and strategies
- Build a support network of people working through similar problems

# Federal Developments

- The [Rescissions Act of 2025](#) was signed into law. It rolled back funds for public media and foreign aid, and it carries implications for the various appropriations fights underway.
- The [EPA proposed a rule](#) to reverse the agency's CAA "endangerment finding" that greenhouse gas emissions endanger public health and welfare.
- An executive order established a new class of "[Schedule G](#)" federal employees that exempts policy-making and policy-advocating employees from the civil service.
- [USDA is consolidating](#) dozens of offices across the country to five regional hubs. The Minneapolis regional office is one of two that will reportedly remain open.
- The EPA announced it will eliminate its [Office of Research and Development](#) and create a new Office of Applied Science and Environmental Solutions.
- An executive order aims to support and fast-track [AI data center](#) development.
- A series of July 17, 2025, executive orders provide temporary exemptions to various EPA performance standards ([chemical manufacturing](#), [coal-fired generation](#), [taconite ore processing](#), etc.).

# Resources

## Upcoming

- **Tuesday, August 12** – MCN Virtual Workshop: [Beginning Grantseeking](#) (\$95 for MCN members, \$135 for nonmembers)
- **Wednesday, August 13** – MCN Legal Services Initiative Webinar: [Navigating Your Role as a Director in a Time of Legal Uncertainty](#) (Free)
- **Wednesday, August 20** – [Clinics at the Capitol: Grantmaking](#) (Free, in-person)
  - *Building Bridges with Grantees and State Agencies*. The event will include a resource fair, workshop breakouts, support, and intentional efforts to hear the voices of MN communities.

## Ongoing

- Disruption Trackers: [Temporary Disruptions, Permanent Cancellations, and Court Ordered Reversals](#)
- Lawyers for Good Government: [Fund Protection Clinic](#)
- MN TA Collaborative: [Technical Assistance Provider Directory](#)
- Environmental Protection Network: [Federal Funding Management Webinars and Office Hours](#)
- Impala Ecosystem: [Minnesota Philanthropic Hub](#) (for MN-based nonprofits, foundations and members of the Minnesota Council of Foundations)
- MCN Legal Services Initiative: [Nonprofit Legal Help Desk, Legal Resource Library, Compliance Support and Webinars](#)
- Federal Funds Information for States (FFIS): [Deciphering Federal Budgetspeak](#)

# NOFOs since July 3rd, 2025

- [Solar on Public Buildings \(state grant program\) RFP coming soon](#)
  - \$14.5M available in funding; applications will be reviewed on a rolling basis until 11/14/25, or until all funds are committed
  - Eligibility requires a parallel Direct Pay filing (must begin construction before 12/31/25 to file for 2025 credits)
  - There is an [informational webinar today \(7/31\) at 1:30pm CT](#) to discuss the upcoming RFP; there is still [free 1:1 technical assistance](#) for Direct Pay tax filing available through a State partnership with Deloitte
- A new [“Simpler Search” version](#) of grants.gov is currently being tested! Applications still need to be submitted through the [old website](#), but other features are available to use as you search for funding opportunities.

Notable Federal Notices of Funding Opportunity (NOFOs)	Category	Award Ceiling	Deadline
<a href="#"><u>Fair Housing Initiatives Program (FHIP)</u></a> – multiple NOFOs	Housing	N/A	8/21/25
<a href="#"><u>Grants for Transportation of Veterans in Highly Rural Areas</u></a>	Transportation	\$50,000	8/23/25
<a href="#"><u>Brownfields Job Training (JT) Grants</u></a>	Environment	\$500,000	9/26/25
<a href="#"><u>National Tribal Air Association</u></a>	Environment	\$1,675,000	10/1/25

# Overview of Reconciliation Impacts in Minnesota

Leah Corey | Enterprise Director of Federal Funds Implementation

# Overview of Reconciliation

- Reconciliation is a federal budget process that allows Congress to pass bills related spending, revenue, and debt limits using simple majorities in both Houses of Congress.
- Examples of reconciliation bills that became law include the Tax Cuts and Jobs Act (2017), the American Rescue Plan (2021), and the Inflation Reduction Act (2022).

- On July 4, 2025, President Trump signed into law HR1, which will significantly impact tax, health care, nutrition, and energy policy, among other areas.
- The Congressional Budget Office estimates the bill will cost \$3.4 trillion from FFY 2025-2034, with \$4.5 trillion in net tax cuts offset by \$1.1 trillion in net spending reductions.
- Since the passage of the law, state agencies have been analyzing impacts of the law to Minnesota and federally funded programs.
- Current assessment is preliminary and will be refined over time as additional guidance is received and state agencies continue to analyze the law.
- This briefing focuses on impacts to programs administered by the State.

# Multiple Considerations for State Budget



Automatic state budget impact



Resources to implement required changes



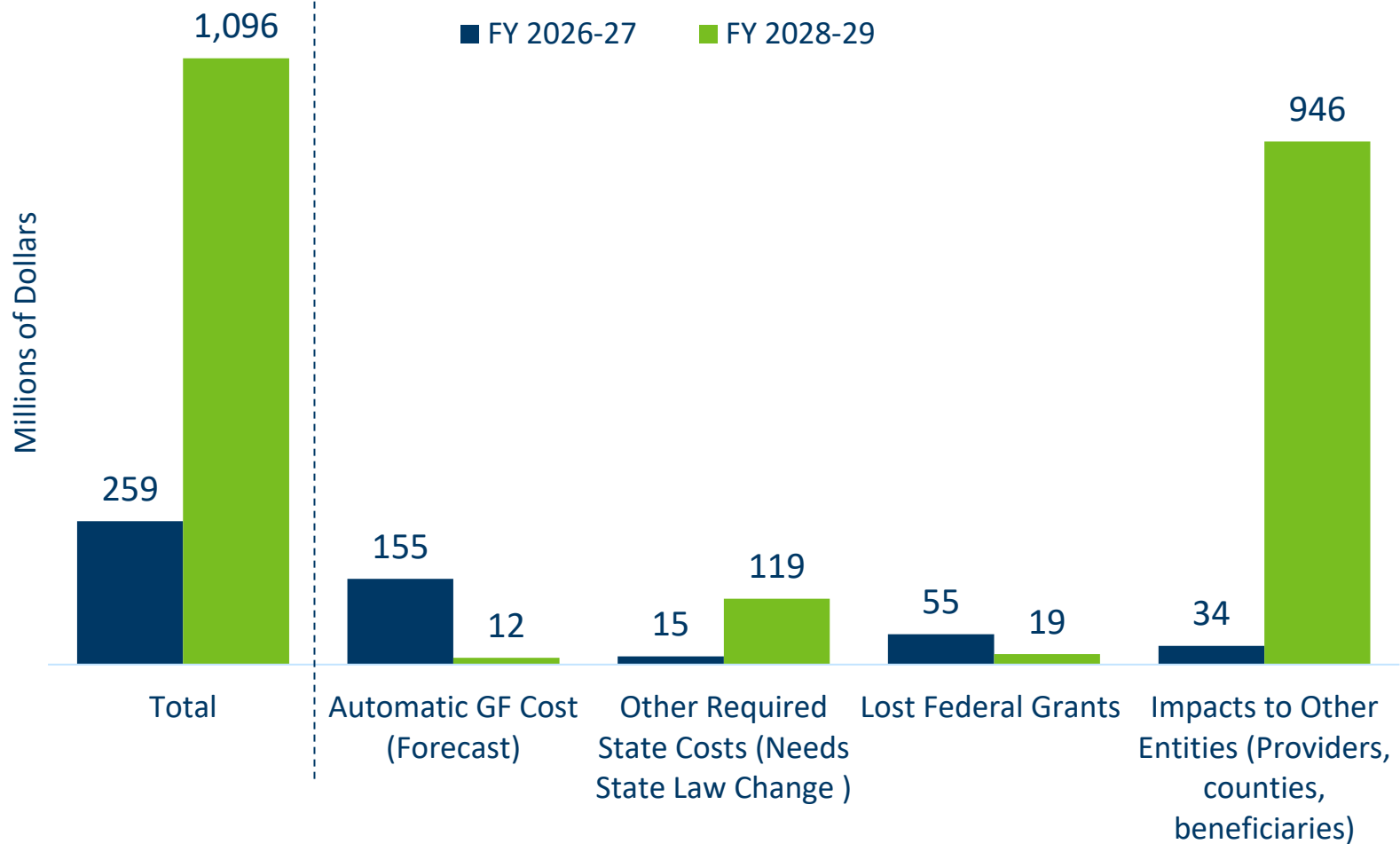
Funding pressures to maintain services

# Caveats, Notes, Assumptions

- Many impacts can't be quantified yet due to unresolved implementation details, availability of data to estimate impacts, and the complexity of interactions with existing federal and state programs.
- Many provisions within the legislation will require clarification through federal rulemaking, agency guidance, or administrative procedures. Until this guidance is issued, states cannot fully assess how certain provisions will be implemented or enforced.
- Even if a program is not named in HR1, changes to eligibility rules, funding formulas, or administrative systems could have impact other programs.
- Several provisions start or are fully implemented after SFY 2029, which is outside our planning horizon. The fully implemented cost of reconciliation on the state won't be reflected in the state budget for several years

# Preliminary Fiscal Estimates of Lost Federal Funding to State-Administered Programs

(Lost federal funds in millions of dollars)



# Implementation Timeline by Provision

Provision	Enactment	FFY26	FFY27	FFY28	FFY29	FFY30	FFY31	FFY32
Medicaid work requirements								
Six monthr renewals for expansion population								
Retroactive Coverage Limits								
1 year payment prohibition for providers primarily engaging in abortion/family planning services								
Reduced FMAP for Emergency MA								
Removing good faith waiver for payment errors								
Provider Tax Safe Harbor Reductions								
Rural Health Transformation Fund								
Increase match cost share based on payment error rates								
Increased admin cost share								
Expanded work requirements								
Thrifty food plan changes								
Eliminate SNAP-Ed funding								
Rapid elimination of clean energy tax credits								
Eliminates various electric vehicle credits								
Reduces Clean Hydrogen Production credit availability								

# Impacts: Health Care



## Impacts on eligibility

*Example:*

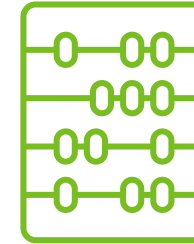
- 80-hour/month  
“community engagement requirements” for adults without children (with exceptions)



## Impacts on providers

*Example:*

- Limits retroactive coverage from three months to one month (adults without children)



## Impacts on financial stability

*Example:*

- Imposes state penalties and sanctions by Center for Medicaid Services (CMS) related to eligibility errors

# Impacts: Supplemental Nutrition Assistance Program (SNAP)



Impacts food security  
for 440,000 SNAP  
participants through  
benefits and eligibility



\$135 million per year  
in lost federal funding



Effective between  
October 1, 2025 and  
October 1, 2027

# Impact: Taxes

- HR1 includes many changes to federal tax provisions that will have an impact on Minnesota families and businesses.
- Most tax provisions in the law don't impact Minnesota's tax laws because we are a fixed-date conformity state. This means our tax system ties to a specific version of the federal tax code and doesn't automatically update new federal tax changes.
- In order to adopt the federal provisions into state tax administration, legislation is required to conform to federal law.
- The economic impacts of many tax provisions are already assumed in the budget and economic forecast.

# Other Impacted Areas

## Provisions that Decrease Federal Deficit

- IRA grant program rescissions
- Higher Education

## Provisions that Increase Federal Deficit

- Defense
- Agriculture

# Supplemental Info

# AI screening for words and themes

- Analysis has shown that words associated with themes in issued executive orders and federal agency guidance are being removed or replaced on federal websites.
- Federal agencies may be conducting AI screening for these or similar words in federal grant applications and reporting.
- Applications and reports that omit these words or themes may not trigger additional review.

The New York Times			
accessible	discriminated	inclusive	privilege
activism	discrimination	inclusive leadership	privileges
activists	discriminatory	inclusiveness	promote diversity
advocacy	disparity	inclusivity	promoting diversity
advocate	diverse	increase diversity	pronoun
advocates	diverse backgrounds	increase the diversity	pronouns
affirming care	diverse communities	indigenous community	prostitute
all-inclusive	diverse community	inequalities	race
allyship	diverse group	inequality	race and ethnicity
anti-racism	diverse groups	inequitable	racial
antiracist	diversified	inequities	racial diversity
assigned at birth	diversify	inequity	racial identity
assigned female at birth	diversifying	injustice	racial inequality
assigned male at birth	diversity	institutional	racial justice
at risk	enhance the diversity	intersectional	racially
barrier	enhancing diversity	intersectionality	racism
barriers	environmental quality	key groups	segregation
belong	equal opportunity	key people	sense of belonging
bias	equality	key populations	sex
biased	equitable	Latinx	sexual preferences
biased toward	equitableness	LGBT	sexuality
biases	equity	LGBTQ	social justice

# Reminders/Best Practices

- Grants with signed agreements appear to be somewhat stable for the time being
- Some grants may be terminated for convenience—check terms and conditions
  - **The standard terms and conditions are being amended by EPA to make grants easier to cancel for convenience**
  - Stay consistent with terms and conditions
- Get any directives in writing
- Know that calls may be recorded
  - **Folks from the federal government – and potentially DOGE in particular – are joining meetings.**
- Reporting and funding applications: anticipate use of AI screening for key words.
- Court cases continue: **Covid and FEMA fund cancellations were blocked; reductions in force blocked, then unblocked.**