



Date: July 1, 2020

To: Legislative Advisory Commission Members

Senator Paul Gazelka
Senate Majority Leader

Senator Julie Rosen, Chair
Finance Committee

Senator Michelle Benson, Chair
Health and Human Services Finance and Policy
Committee

Representative Melissa Hortman
Speaker of the House

Representative Lyndon Carlson, Sr., Chair
Ways and Means Committee

Representative Tina Liebling, Chair
Health and Human Services Finance Division

From: Myron Frans, Secretary Legislative Advisory Commission

Subject: URGENT REVIEW | #22 Coronavirus Relief Fund Request to Legislative Advisory Commission

This is a request to spend federal dollars received through the CARES Act as part of the Coronavirus Relief Fund for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19). This request is submitted under M.S. 3.3005 subd. 4 and 5, which allows for a 10-day review.

Attached are the details of the federal fund review request. Details about this request were shared in a briefing for the Legislative COVID-19 Response Commission members and the chairs of the relevant House and Senate Finance Committees on June 26, 2020.

Federal Fund Review Request

FY 2021

22. Emergency Grants for Child Care (DHS)

\$56,598,924

PROCEDURE FOR LAC REVIEW:

We are requesting LAC members respond to the review request directly by email. If no request for further review is received from the six LAC members by Monday, July 13, 2020, I will approve the request for spending. To expedite the LAC review process during this critical time, LAC members may respond to this review request directly, recommending their approval or request for further review, instead of waiting the 10-day period.

CC: Bill Marx, House Fiscal Analysis Department
Eric Nauman, Senate Lead Fiscal Analyst

Coronavirus Relief / Health Care Response / COVID-19 Minnesota Funds Request Form

Please complete this form in accordance with the process instructions.

Agency/Point of Contact: Dept of Human Services (Nikki Farago & Dave Greeman); Erin Bailey (Children's Cab)

Title of Request: Emergency Grants for Child Care

Date: 6/30/2020 **Request Amount:** \$ 56,598,924

Expenditure Time Period: 7/1/2020 to 10/31/2020

Request Funding Source:

- Coronavirus Relief Fund (if selected complete page 2)
- Health Care Response Fund
- COVID-19 Minnesota Fund

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

The request is for \$56.6m to provide 3 monthly grants to licensed providers that have remained open and are caring for children, leveraging the structure of the Peacetime Emergency Child Care Grants (PECC). The child care industry is critical to the COVID response and the Governor and state have encouraged providers to stay open to serve emergency workers. This would preserve 65,000 slots, exclusive of summer school age.

Monthly grants will be up to \$1,200 family & \$8,500 for center providers. Grant amts will be scaled based on eligible applicants. To be eligible, providers must be open as of 6/15 & meet other requirements similar to PECC. Grantees must attest to being open, providing incentives to wking staff, & incurring addl costs or lost revenue.

Child care providers face higher costs to operate safely as defined by CDC & MDH guidance, including limiting the max number of children/staff in classroom, social distancing children, new cleaning/sanitation, addl sick leave, substitute teachers, and incentive pay. These are increasing as more staff and children are exposed and quarantine. Enrollments have reportedly dropped by 75% and the sector is struggling to access business reliefs.

The financial supports in place have helped, but continued support and broader reach is needed for child care response to COVID. Federal Reserve research shows a cost to centers for the 10-person pod guidance at \$15,000 to \$18,000/mo, the estimated need for family child care is \$1,200/mo. MN data shows eligible providers requesting \$36 million/mo and only \$9.8 million/mo available, 24% of the demand. PECC funding end in June.

DHS Children and Family Services and Finance divisions and the Governor's Children's Cabinet developed this proposal with consultation from the workgroup. Supports were developed based on survey data that shows 6,634 family & 1,194 center providers open. External stakeholders have been engaged on strategies and feedback utilized to inform process, including legislator calls by DHS leadership and Children's Cabinet staff.

Financial support for child care supports mothers/caretakers & working families, esp those in lower income and child care shortage areas particularly in Greater MN where the child care crisis was acute pre-COVID; it supports continuity of care for children, benefiting all especially children who face barriers to stability & support.

CCDBG CARES funds were considered in this proposal as well as how it relates to GEER funding.

Charles E. Johnson
Digitally signed by Charles E. Johnson
Date: 2020.06.30 15:55:09 -05'00'

Department Head Signature

Date

Coronavirus Relief Fund (CRF) Categories

Medical Expenses	<input type="checkbox"/> Costs incurred by public hospitals, clinics, and similar facilities
	<input type="checkbox"/> Establishing temporary public medical facilities and other measures to increase treatment capacity, including related construction costs
	<input type="checkbox"/> Testing, including serological testing
	<input type="checkbox"/> Emergency medical response expenses, including emergency medical transportation
	<input type="checkbox"/> Establishing and operating public telemedicine capabilities for COVID-19 related treatment
Public Health Expenses	<input type="checkbox"/> Communication and enforcement of public health orders related to COVID-19.
	<input type="checkbox"/> Acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers
	<input type="checkbox"/> Disinfection of public areas and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency
	<input type="checkbox"/> Technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety
	<input type="checkbox"/> Public safety measures undertaken in response to COVID-19
	<input type="checkbox"/> Expenses for quarantining individuals
	<input type="checkbox"/> Contact tracing
Payroll Expenses	<input type="checkbox"/> Recovery planning projects or operating a recovery coordination office
	<input type="checkbox"/> Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
Compliance with Public Health Measures	<input type="checkbox"/> Food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
	<input type="checkbox"/> Facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
	<input type="checkbox"/> Improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions
	<input type="checkbox"/> Providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions
	<input type="checkbox"/> Maintaining state prisons and county jails, including sanitation and the improvement of social distancing measures, to enable compliance with COVID-19 public health precautions
	<input type="checkbox"/> Care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions
Economic Support	<input checked="" type="checkbox"/> Provision of grants to small businesses to reimburse the costs of business interruption caused by required closures
	<input type="checkbox"/> Expenditures related to a state, territorial, local, or tribal government payroll support program.
	<input type="checkbox"/> Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise
	<input type="checkbox"/> Facilitation of livestock depopulation incurred by producers due to supply chain disruption
	<input type="checkbox"/> Programs designed to prevent eviction and assist in preventing homelessness due to COVID-19 public health emergency
	<input type="checkbox"/> Employment and training programs for employees that have been furloughed due to the COVID-19 public health emergency
	<input type="checkbox"/> Emergency financial assistance to individuals or families directly impacted by loss of income
Other	<input checked="" type="checkbox"/> Other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria. If this category is selected, please explain further here: Child care is a critical sector; health care estimating that one-third of their employees depend on licensed capacity.

CRF Fund Request Confirmations

- **Confirm that your CRF funding request meets federal guidance: (1) as a necessary expenditure to respond to the COVID-19 public health emergency, (2) is not accounted in the current biennial budget and (3) funds will be expended by December 30, 2020.**
- **Confirm that your CRF funding request does NOT include expenses that cover:**
 - The state's share of Medicaid costs
 - Damages covered by insurance
 - Payroll or benefits of employees whose work duties are not substantially dedicated to mitigating or responding to COVID-19
 - Costs reimbursed under other federal programs or funding sources
 - Reimbursement to donors for donated items or services
 - Workforce bonuses other than hazard pay or overtime
 - Severance pay
 - Government revenue replacement, including provision of assistance to individuals or businesses to meet tax obligations
- **Confirm that your agency will maintain records related to these expenses that will be sufficient to demonstrate that they are in accordance with the requirements of the CARES Act.**
- **Confirm that your agency has the approval of the lead of the selected work group to submit this proposal.**