

August 31, 2020

Senator Paul Gazelka
Majority Leader

Representative Melissa Hortman
Speaker of the House

Senator Susan Kent
Minority Leader

Representative Ryan Winkler
Majority Leader

Senator Jeremy Miller
President of the Senate

Representative Kurt Daudt
Minority Leader

Senator Julie Rosen
Chair, Finance Committee

Representative Lyndon Carlson
Chair, Ways and Means Committee

Senator Richard Cohen
Ranking Minority Member, Finance Committee

Representative Pat Garofalo
Ranking Minority Member,
Ways and Means Committee

Dear Legislative COVID-19 Response Commission,

This cover letter is an introduction to the state's Federal Coronavirus Relief Fund (CRF) Expenditure Report. The attached report is the first of what will be ongoing reports to share background, allocation process, and uses of the CRF. Data from this report is also available on the [TransparencyMN](#) website which provides checkbook-level data on how the CRF funds (and all other COVID-19 funding) have been spent.

As background, the state is using three primary sources of funds to respond to the COVID-19 pandemic:

1. **Federal Coronavirus Relief Fund (CRF)** from the federal CARES Act: \$2.187 billion allocated to Minnesota. \$317 million was distributed directly from the U.S. Treasury to Hennepin and Ramsey Counties as directed in statute in the CARES Act. The remaining \$1.87 billion was sent to the State of Minnesota in April.
2. **State funding:** \$554 million state appropriations passed in March by the Legislature and signed by Governor Walz to pay for expenses related to the state's COVID-19 response. This included the establishment of a \$200 million [COVID-19 Minnesota Fund](#).
3. **Federal grants/formula allocations** sent directly from the federal government to state agencies: \$1.4 billion for a wide range of federal programs including education, food security, housing and transportation support.

Coronavirus Relief Fund distributions to date

The attached report shows CRF allocations through August 31, 2020. Subsequent reports will be updated monthly. Of the \$2.187 billion allocated to Minnesota, \$165 million remains unallocated to date.

CRF allocations to date total \$2.026 billion, including the following significant allocations:

- \$317 million that was distributed directly from the federal government to Hennepin and Ramsey county
- \$841 million for remaining counties, cities and townships statewide
- \$245 million for schools to meet the needs for in-person instruction, online learning and to address learning loss.
- \$100 million for housing supports and rental assistance
- \$177 million to meet COVID-19 testing needs statewide
- \$76 million to support food security
- \$60 million for small business support
- \$58 million to support the increased costs for state agencies, the legislature and the judicial branch to respond to the pandemic
- \$57 million for childcare grants
- \$30 million for day services
- \$25 million for at risk populations
- \$25 million for the purchase of critical care supplies

With the remaining CRF dollars, the Walz Administration, working in partnership with the Legislature, will continue to prioritize the health, safety, and security of Minnesotans. These funds will ensure Minnesota has the resources necessary to respond to COVID-19 as it continues to spread this fall and winter.

State funding distributions to date

Within the \$554 million of state appropriations passed in March by the Legislature and Governor Walz, there were three funding sources that required subsequent allocation and review by the Legislature. Below are details on these three sources.

COVID-19 Minnesota Fund. The Minnesota Legislature transferred \$200 million from the state's general fund to the COVID-19 Minnesota Fund and appropriated it to the Commissioner of Management and Budget to be disbursed or transferred to state agencies, as necessary, to protect Minnesotans from the COVID-19 outbreak, and maintain state government operations throughout the duration of the peacetime emergency. \$191 million out of \$200 million of the COVID-19 Minnesota fund has been allocated. The legislation that created the fund also established the Legislative COVID-19 Response Commission (LCRC) to review expenditures from the fund and provide recommendations on expenditure request in excess of \$1 million. To date, the LCRC has authorized 20 requests. MMB reports the request details and provides biweekly expenditure reports on the [COVID-19 Minnesota fund website](#). Biweekly reports are distributed to the LCRC on the 15th and last day of each month, identifying total amount of each expenditure, the purpose of each expenditure, and additional information.

Health Care Response Fund. This fund was established with \$150 million appropriated by the 2020 Legislature. These funds are for grants to health care and long-term care providers to help them manage the response to the COVID-19 virus within their facilities. Funds can be used for purposes such as temporary sites to provide testing services, staffing, personal protective equipment, emergency transportation. Grant recipients are determined

through a competitive RFP process by the Minnesota Department of Health. The Legislative Advisory Commission reviews all proposed grant awards greater than \$1 million. Grants less than \$1 million are reviewed by commissioners at the Department of Health, MMB, and the Governor's office prior to being distributed. The Department of Health has awarded \$136 million to date. Award information is on the Health [website](#). In addition, a full report is due to the Legislature on January 15, 2021.

Public Health Contingency Account. The Legislature provided \$71 million to this fund in two appropriations described below. \$68 million has been allocated to date.

- \$20.889 million was appropriated by the Legislature to be placed in the public health response contingency account in March. The Legislative Advisory Commission reviews proposed spending from this account. In March, the Commissioner of Health submitted a proposal to the Legislative Advisory Commission to use the funding for staffing, laboratory testing, aid to local public health, PPE, and funds for health care coalitions. This request was authorized by the LAC.
- \$50 million was appropriated by the Legislature for short term emergency grants for health care and long-term care providers to fund the establishment of testing and treatment sites, provider staff costs, purchase of medical equipment and supplies, and costs of quarantine and isolation. This funding was exempted from LAC review by the Legislature. All \$50 million in funds were awarded to about 350 emergency health organizations statewide through a competitive grant process and publicly announced in April. The list of awards is on the [Department of Health website](#).

The Department of Health posts grantees and the amounts awarded on their website. Additionally, an annual report is due to the Legislature detailing expenditures out of the public health response contingency account in the previous calendar year by January 15.

The \$554 million in state resources include:

- \$200 million for healthcare providers to continue care (from the Public Health Contingency Account and the Health Care Response Fund)
- \$200 million for the COVID-19 Minnesota Fund, which includes \$36 million to establish a testing program with the University of Minnesota and Mayo and \$106 million to purchase critical care supplies, including ventilators and PPE
- \$32 million to provide childcare for first responders
- \$32 million for homeless populations
- \$21 million for our public health response to the pandemic, including \$8.525 million for local public health departments (from the Public Health Contingency Account)
- \$11 million for emergency response for tribal governments
- \$30 million for small business loan guarantee program
- \$9 million for food shelf grants
- \$6.2 million for healthcare for veterans

Federal grants and programming

Of the \$1.4 billion awarded for federal programs administered by Minnesota state agencies, \$1.25 billion has been allocated to date. We report the status of funding activity on the Minnesota COVID-19 Response Capacity Dashboard and the information is updated daily. State agencies seek authority to spend these awards through

the existing LAC federal fund review process. Many of these awards provide increased funding through existing federal programs.

Some of largest allocations of federal grants include:

- \$183 million for education support
- \$160 million for child nutrition
- \$195 million for higher education institutions
- \$132 million for COVID testing
- \$226 million for transit operations
- \$158 million in aid for airports
- \$48 million for the Child Care Development Block Grant

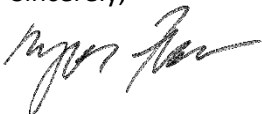
Transparency and accountability are vital

Along with funding to respond to the most pressing needs, the state prioritized transparency and accountability in guiding disbursement of the funds. This included the creation of a funding workgroup that supports eight cross agency groups managed through the State Emergency Operations Center. (The eight workgroups collaborate to prepare for and manage critical care supply procurement, for example.) We also created a [COVID-19 Response Accountability Office](#) to monitor COVID-19 state appropriations and federal funds, and coordinate budgeting, accounting, and internal controls activities for COVID-related funding.

Reporting to the Legislature and to the public is another practice we have put in place to provide timely funding data. To ensure stakeholder engagement, particularly with the Minnesota Legislature, state staff meet regularly with legislators on the Legislative COVID-19 Response Commission (LCRC). Staff provide expenditure requests over \$1 million for review and approval by the LCRC.

We are proud to be a national leader in transparency and accountability and look forward to providing updates as we use this critical funding to support Minnesota's COVID-19 response.

Sincerely,



Myron Frans, Commissioner



FEDERAL CORONAVIRUS RELIEF FUND EXPENDITURE REPORT

August 31, 2020

Minnesota Management and Budget
400 Centennial Office Building
658 Cedar Street
St. Paul, MN 55155
651-201-8000
info.mmb@state.mn.us
mn.gov/mmb

Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.

Contents

FEDERAL CORONAVIRUS RELIEF FUND EXPENDITURE REPORT 1

 Contents 3

 Executive Summary 4

 Background..... 5

 Expenditure Review Process..... 5

 Legislative Advisory Commission Recommendations 6

 Authorized Expenditures 6

Executive Summary

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed by President Trump on March 27, 2020. The CARES Act establishes the \$150 billion Coronavirus Relief Fund in response to the Coronavirus Disease 2019 public health emergency.
- The State of Minnesota was allocated \$2.187 billion from the federal Coronavirus Relief Fund.
- Hennepin and Ramsey Counties received a total of \$317 million directly from the U.S. Treasury. The remaining \$1.87 billion was deposited into the state treasury in April 2020.
- The Fund has earned \$3.44 million in interest since April 2020. Interest may be used for COVID-19 related purposes and does not need to be returned to the U.S. Treasury.
- The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that:
 - Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
 - Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
 - Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.
- The Commissioner of Management and Budget may submit an expenditure request to the Legislative Advisory Commission for review and recommendation before spending can be authorized.
- When in session, the full legislature may direct appropriate from the Coronavirus Relief Fund.
- Any money in the Coronavirus Relief Fund that has not been used on expenses incurred by December 30, 2020, must be returned to the U.S. Treasury.
- As of August 31, 2020, \$1.709 billion has been authorized either through enacted legislation or through the Legislative Advisory Commission review process. \$165 million remains unauthorized in the fund.

Background

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act established the \$150 billion Coronavirus Relief Fund (CRF). The CARES Act directed the U.S. Department of Treasury to make payments from the CRF to states and eligible local governments; the District of Columbia and U.S. territories; and tribal governments based on 2019 U.S. Census Bureau population data.

The CARES Act requires that the payments from the CRF only be used to cover expenses that:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. Were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The CARES Act specifies that the amount of payments made to each state be reduced by the aggregate amount of payments that was disbursed to eligible local governments within such State. A unit of local government eligible for receipt of a direct payment included units of general government below the state level with a population that exceeds 500,000.

Of the \$150 billion in the federal CRF, the State of Minnesota was allocated in total \$2.187 billion. Hennepin and Ramsey Counties have populations greater than 500,000 and received a combined \$317 million directly from the U.S. Treasury. The remaining \$1.87 billion was deposited into the state treasury in April 2020. Any amounts remaining unobligated in the state CRF on December 30, 2020, must be returned to the U.S. Treasury.

Expenditure Review Process

The expenditure review process for CRF generally follows the interim procedures for a 10-day Legislative Advisory Commission (LAC) review outlined in Minnesota Statute 3.3005. If federal money becomes available to the state for expenditure while the legislature is not in session, and an urgency requires that all or part of the money be encumbered or expended before the legislature reconvenes, a request to expend that federal money may be submitted by the commissioner of Minnesota Management and Budget to the LAC. Upon submission, the LAC has 10 days for review.

The LAC has four permanent members: the majority leader of the Senate; the chair of the Senate Finance Committee; the speaker of the House; and the chair of the House Ways and Means Committee. One additional member from each the House of Representatives and the Senate sit on the commission, which is determined by the request being considered.

This review and authorization are generally used when the full legislature is not in session, or if urgent items or emergencies arise. When in session, the full legislature may appropriate spending from the CRF.

Prior to LAC submission, the details of the request are presented to the chairs of the relevant legislative committees for the LAC as well as the members of the Legislative COVID-19 Response Commission (LCRC). The 2020 legislature established the LCRC to review expenditures from the COVID-19 Minnesota fund. Members of the LCRC are: Senate President Jeremy Miller, Senate Majority Leader Paul Gazelka, Senate Minority Leader Susan Kent, Senator Julie Rosen, Senator Dick Cohen, Speaker of the House Melissa Hortman, House Majority Leader Ryan Winkler, House Minority Leader Kurt Daudt, Representative Lyndon Carlson, and Representative Pat Garofalo.

Legislative Advisory Commission Recommendations

Upon submission of an expenditure request, the LAC has 10 days to review and provide a positive recommendation, a negative recommendation, or a request for further review. Under the provisions in Minnesota Statute 3.3005, subdivision 4 and 5, if a recommendation is not made within 10 days and no further review by the LAC is required, the commissioner may approve or disapprove the request.

Authorized Expenditures

Table 1 shows a summary of total authorized expenditures from the CRF for the period ending August 31, 2020. Dollars are represented in thousands. Minnesota Management and Budget’s website has a [page](#) containing details of LAC requests and authorizations.

Row Number	Date Authorized	Authorization	Agency	Description	Amount
				INITIAL BALANCE	\$1,873,358
1	5/27/2020	20, Ch 101	MDA	Farm Loan Origination Fee Grants	\$175
2	5/27/2020	20, Ch 101	MDA	Farm Advocate Services	\$60
3	5/27/2020	20, Ch 101	MDA	Retail Food Handler Safety	\$125
4	5/27/2020	20, Ch 101	MDA	Expanded Meat and Poultry Processing Grants	\$100
5	5/27/2020	20, Ch 101	MDA	Rural Mental Health Services and Outreach	\$40

Row Number	Date Authorized	Authorization	Agency	Description	Amount
6	5/27/2020	20, Ch 101	MDA	COVID-19 Assistance to Farmers and Value-Added Businesses	\$100
7	6/2/2020	CRF LAC #1	MDH	Critical Care Supplies Preauthorization	\$19,484
8	6/2/2020	CRF LAC #2	DHS	Vendor capacity, operational costs for full implementation of Pandemic-EBT & Emergency-SNAP	\$2,005
9	6/2/2020	CRF LAC #3	DHS	Prepared Meals for Homeless Shelters and Unsheltered Adults in Encampments	\$3,668
10	6/2/2020	CRF LAC #4	MDH	Seroprevalence Studies	\$1,975
11	6/2/2020	CRF LAC #5	MDH	Mobile Coronavirus Testing	\$20,000
12	6/2/2020	CRF LAC #6	MDH	Case Investigation and Contact Tracing Software System	\$8,000
13	6/16/2020	20, SS1 Ch 1	DEED	Small Business Emergency Grant Program	\$60,000
14	6/16/2020	CRF LAC #7	MDE	Expanded Food Access for MN Children and Families	\$10,000
15	6/16/2020	CRF LAC #8	DHS	Senior Meals	\$11,300
16	6/16/2020	CRF LAC #9	MDH	Nurse Triage Line	\$3,000
17	6/16/2020	CRF LAC #10	MDH	Testing Supplies Preauthorization	\$10,000
18	6/23/2020	20 SS1, Ch 7	DHS	Housing Support Good Cause Absence Policy Exemption	\$1,135

Row Number	Date Authorized	Authorization	Agency	Description	Amount
19	6/26/2020	CRF LAC #11	MDH	COVID-19 Testing & Tracing Statewide Media Campaign	\$8,750
20	6/26/2020	CRF LAC #12	DHS	Summer Food Support for Children	\$35,500
21	6/26/2020	CRF LAC #14	DOR	Local Government Distributions	\$841,464
22	7/13/2020	CRF LAC #15	MDA	Food Bank Support	\$6,000
23	7/13/2020	CRF LAC# 16	DHS	Food Shelf Support and Transportation	\$6,000
24	7/13/2020	CRF LAC #17	MDH	Long Term Care Testing Supports Staffing	\$2,430
25	7/13/2020	CRF LAC #18	MDH	Case Investigation and Contact Tracing Immediate Short Term Staffing Needs	\$3,000
26	7/13/2020	CRF LAC #19	DOC	State Correctional Facilities COVID-19 Request	\$9,090
27	7/13/2020	CRF LAC #20	MNIT	Technology Expenses for COVID-19 Situation Response	\$6,756
28	7/13/2020	CRF LAC #21	DHS	Tribal Food Assistance	\$1,608
29	7/13/2020	CRF LAC #22	DHS	Emergency Grants for Child Care	\$56,599
30	7/18/2020	CRF LAC #24	DNR	Coronavirus Relief Fund Funding Request #1	\$590
31	7/18/2020	CRF LAC #25	MNsure	MNsure Special Open Enrollment due to COVID-19	\$502
32	7/18/2020	CRF LAC #26	DHS	Operating Funding Central Office	\$5,430

Row Number	Date Authorized	Authorization	Agency	Description	Amount
33	7/18/2020	CRF LAC #27	DHS	Operating Funding Direct Care and Treatment	\$13,059
34	7/18/2020	CRF LAC #28	MDH	Operating Reimbursement Request	\$9,735
35	7/18/2020	CRF LAC #29	DEED	Operating Request	\$149
36	7/18/2020	CRF LAC #30	DPS	Bureau of Criminal Apprehension (BCA) / Homeland Security and Emergency Management (HSEM) Coronavirus Relief Request	\$882
37	7/18/2020	CRF LAC #30a	DPS	a. BCA	[\$105]
38	7/18/2020	CRF LAC #30b	DPS	b. HSEM	[\$777]
39	7/18/2020	CRF LAC #31	MJB	Judicial Branch CRF Request	\$518
40	7/18/2020	CRF LAC #32	GALP	Guardian ad Litem Program CRF Request	\$13
41	7/18/2020	CRF LAC #33	ADM	Coronavirus Relief Request June 2020	\$402
42	7/18/2020	CRF LAC #34	ADM	Coronavirus Relief Fund Reimbursement Request	\$34
43	7/18/2020	CRF LAC #35	MMB	COVID-19 Requests	\$525
44	7/18/2020	CRF LAC #35a	MMB	a. Redeployment Costs	[\$96]
45	7/18/2020	CRF LAC #35b	MMB	b. Results Analysis	[\$158]
46	7/18/2020	CRF LAC #35c	MMB	c. Reimbursement for MAD Services	[\$271]

Row Number	Date Authorized	Authorization	Agency	Description	Amount
47	7/18/2020	CRF LAC #36	Gov	Coronavirus Relief Fund Request	\$290
48	7/18/2020	CRF LAC #37	OAH	Coronavirus Relief Fund Request	\$6
49	7/18/2020	CRF LAC #38	MNIT	Social Distancing and Safe Reopening	\$100
50	7/18/2020	CRF LAC #39	AG	Coronavirus Relief Fund Reimbursement Request	\$994
51	7/18/2020	CRF LAC #41	MetC	Homeless Encampment Maintenance and Evacuation	\$170
52	7/18/2020	CRF LAC #42	DPS	Coronavirus Relief Fund Request	\$695
53	7/18/2020	CRF LAC #42a	DPS	a. Administrative and Related Services	[\$29]
54	7/18/2020	CRF LAC #42b	DPS	b. Driver and Vehicle Services	[\$242]
55	7/18/2020	CRF LAC #42c	DPS	c. Laptop for telework	[\$26]
56	7/18/2020	CRF LAC #42d	DPS	d. Minnesota State Patrol	[\$398]
57	7/21/2020	CRF LAC #43	MDVA	Coronavirus Budget Relief	\$2,149
58	7/21/2020	CRF LAC #13	DHS	Operational Funding for Community Alternative Care Site	\$3,343
59	7/22/2020	CRF LAC #23	MDE	Operating Request	\$323
60	7/22/2020	CRF LAC #40	MetC	Deployment of Staff to MDH	\$191
61	7/27/2020	CRF LAC #44	MHFA	COVID-19 Housing Assistance	\$100,000

Row Number	Date Authorized	Authorization	Agency	Description	Amount
62	8/11/2020	CRF LAC #45	Senate	COVID-related Spending	\$19
63	8/11/2020	CRF LAC #46	House	Technology and Safety Response Needs under COVID Operations	\$118
64	8/11/2020	CRF LAC #47	MMB	COVID-19 Response Accountability Office	\$445
65	8/11/2020	CRF LAC #48	DHS	Homeless, Victim Services, and Isolation Space COVID Response	\$19,000
66	8/11/2020	CRF LAC #49	DHS	Emergency Temporary Staffing Pool for Group Settings	\$4,641
67	8/11/2020	CRF LAC #50	MNsure	Assistance to uninsured individuals for COVID-19 testing	\$225
68	8/11/2020	CRF LAC #51	MnDOT	COVID-19 Positive Client Transportation for Greater Minnesota	\$750
69	8/11/2020	CRF LAC #52	MetC	Transportation for COVID Positive Disables, Homeless, and Minnesota Care Recipients	\$150
70	8/11/2020	CRF LAC #53	DHS	Area Agency on Aging-Enhanced Home Care Benefit	\$1,063
71	8/14/2020	20, SS3, Ch 1	DHS	COVID-19 Related Retention Grants for Home and Community Based Service Providers	\$20,305
72	8/14/2020	20, SS3, Ch 1	DHS	Disability Services Provider COVID-19 Related Public Health Grants	\$10,125

Row Number	Date Authorized	Authorization	Agency	Description	Amount
73	8/17/2020	CRF LAC #54	MDE	Addressing Operating Costs and Supporting Student, Family, and Educator Needs	\$244,800
74	8/17/2020	CRF LAC #55	MDH	Providing Supplies to School Districts; Flexibility for Critical Care Supplies	\$5,200
75	8/17/2020	CRF LAC #56	MDH	On-demand Saliva Testing for Public and Private School Educators, Staff, Childcare Providers	\$6,000
76	8/18/2020	CRF LAC #57	DPS	Grants to community organizations for youth violence prevention, anti-violence and victim programs and services	\$8,000
77	8/18/2020	CRF LAC # 58	ADM	Workers' Compensation	\$5,000
78	8/22/2020	CRF LAC #59	MDH	Long-term Care Testing	\$7,000
79	8/22/2020	CRF LAC #60	MDH	Test Processing	\$55,000
80	8/22/2020	CRF LAC #61	MDH	Vault Saliva Testing	\$14,660
81	8/22/2020	CRF LAC #62	MDH	Case Investigation and Contact Tracing	\$35,091
82	8/22/2020	CRF LAC #63	MDH	Tribal Public Health Grants	\$2,579

TOTAL AUTHORIZED

\$1,708,635

CRF BALANCE REMAINING TO BE ALLOCATED 8/31/2020

\$164,723