Date: May 5, 2015

To: Legislative Advisory Commission Members

Senator Thomas Bakk  Representative Kurt Daudt
Senator Richard Cohen  Representative Jim Knoblach
Senator David Tomassoni  Representative Rod Hamilton

From: Myron Frans, Executive Secretary

Re: Legislative Advisory Commission (LAC) Federal Funds Reporting Required by the Laws of 2015, Chapter 12, Section 2.

This fulfills the reporting requirement to the LAC of anticipated federal funds to address avian influenza as required by the Laws of 2015, Chapter 12, Section 2. The amounts below reflect the most recent estimate of available USDA resources. The intended purposes are included in the attached documents.

<table>
<thead>
<tr>
<th>Anticipated Federal Funds</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Agriculture</td>
<td>$555</td>
<td>$ 610</td>
<td>$1,165</td>
</tr>
<tr>
<td>Board of Animal Health</td>
<td>$216</td>
<td>$ 647</td>
<td>$ 862</td>
</tr>
<tr>
<td><strong>Total Anticipated Federal Funds</strong></td>
<td><strong>$771</strong></td>
<td><strong>$1,257</strong></td>
<td><strong>$2,027</strong></td>
</tr>
</tbody>
</table>

If additional information on the anticipated federal funds is needed, please contact Chris Zempel of my staff at chris.zempel@state.mn.us or 651-201-8214.

Attachments

cc: Bill Marx, House Fiscal Analysis Department
    Eric Nauman, Senate Counsel, Research and Fiscal Analysis
Federal Funds Review Request

Please complete this form in accordance with the instructions.

<table>
<thead>
<tr>
<th>Please check which review request you are submitting:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ October 20-Day LAC Review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department:</th>
<th>Board of Animal Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of federal award and federal legislation authorizing the grant:</td>
<td></td>
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</tbody>
</table>

Highly Pathogenic Avian Influenza (HPAI) Emergency 15.AP.APHIS.04; emergency funding request for nationwide outbreaks of Notifiable Avian Influenza.

<table>
<thead>
<tr>
<th>CFDA # and federal agency:</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.025 Plant and Animal Disease, Pest Control, and Animal Care</td>
</tr>
<tr>
<td>USDA Animal and Plant Health Inspection Service (APHIS)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Application status:</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Pre-application</td>
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<tr>
<td>☐ Negotiation</td>
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<table>
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<tr>
<th>Start date:</th>
<th>End date:</th>
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</thead>
<tbody>
<tr>
<td>03/06/2015</td>
<td>03/04/2016</td>
</tr>
</tbody>
</table>

| Total federal award amount: $862,001 |

Check one of the award types below and indicate amount requiring approval

- ☑ New Award
  - Indicate anticipated federal grant expenditures in the planning years (next biennium):
    - State FY: ______ $ Amt.: ______
    - State FY: ______ $ Amt.: ______

- ☐ Continuation (can include renewals)
  - When was the original approved?
  - Indicate anticipated federal grant expenditures in the planning years (next biennium):
    - State FY: ______ $ Amt.: ______
    - State FY: ______ $ Amt.: ______

- ☐ Increase in award amount
  - When was the original approved?
  - Incremental amount requiring approval by fiscal year in the current biennium:
    - State FY: ______ $ Amt.: ______
    - State FY: ______ $ Amt.: ______

Original amount approved + Additional amount requiring approval = Total federal award amount
Grant description

Provide a narrative description of the federal award that includes the following:

- Purpose, goals and strategies
- Specific activities
- Partnerships – How does the program coordinate with existing programs?
- Describe the discretion or flexibility allowed by the federal agency in preparing the application.
- Rules – Indicate if the project/proposal will involve new rules or changes to existing rules.

Objective: Quickly diagnose, control, and prevent the spread of Highly Pathogenic Avian Influenza (HPAI) in Minnesota poultry flocks.

Specific Activities:
- Investigate, quarantine, and depopulate infected flocks rapidly
- Dispose of carcasses quickly to prevent the spread of disease
- Identify all premises with poultry in the control and surveillance zones and educate producers and flock owners about HPAI and appropriate biosecurity measures
- Test and monitor all flocks in the control zone in accordance with HPAI response plan
- Conduct biosecurity audit on all commercial flocks in the control zone so they can move product during the quarantine period
- Instruct producers regarding testing and biosecurity needs for controlled movement
- Set up permitting system that allows these operations to move products and birds into and out of the zone as needed
- Permit feed trucks delivering products to poultry operations in the control zone
- Conduct epidemiological investigations and identify other risk factors. Implement additional mitigation control strategies as needed
- Monitor testing and compliance
- Coordinate efforts with state, federal, and industry partners

Partnerships: All efforts are coordinated with state, federal, and industry partners. This includes Minnesota Department of Agriculture, the Minnesota Department of Health, the Minnesota Department of Natural Resources, the University of Minnesota, USDA APHIS, and USDA Food Safety Inspection Services.

Limited flexibility due to the required emergency response.

No new rules or changes to existing rules.

If this is a 10-day urgent request, describe the nature of the urgency, including: deliverables, timeline, and implications if funds are not encumbered and/or spent before the next regular opportunity to submit a request to the legislature. Also, describe why the availability of federal funds could not have been anticipated and submitted during the last legislative session for review.

These funds will be used for the emergency response to HPAI in our Minnesota poultry flocks. Funds could not have been anticipated and submitted during the legislative session for review because the first case of HPAI was confirmed March 5, 2015, after the review deadline.

If the award is submitted for the 20-day review, describe any implications if the spending authorization is delayed.

Short and Long-term Commitments

Provide a narrative description of the state's short and long term commitments involved in meeting the

MMB-07250-02, September 2012
The short term commitment is quickly respond to HPAI in the Minnesota poultry flocks. No long term commitment.

- **Maintenance of Effort (MOE)**
  Does the award contain a maintenance of effort requirement?  
  ☒ No  ☐ Yes
  If yes, please provide a narrative description of the MOE, which includes the following:
  - Total amount of MOE required
  - Account information (FY/Fund/FinDeptID/ApproplD) and description of the program and budget activity from where the cash originates
  - Length of MOE
  - Consequences if the MOE is not met.

**Match requirement**

Is a hard (cash contributions) or soft (in-kind contributions) match required?  
☐ No  ☐ Yes

If so, estimate the total project amount by state fiscal year for each year of the award; also indicate what amount is cash contributions (hard match) and what amount is in-kind contributions (soft match). If the award runs longer than two years, include information for each additional year.

<table>
<thead>
<tr>
<th>State FY</th>
<th>Federal portion</th>
<th>Hard match</th>
<th>Soft match</th>
<th>Total project amount</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Provide the account information (FY/ Fund/ FinDeptID/ ApproplD) and a description of the program and budget activity from where cash contributions will originate.

- **FTEs**
  How many FTE(s) are needed to carry out this project/proposal?  10 New  ___ Existing

  Is the continuation of positions a condition of receiving the federal award?  ☐ Yes  ☒ No
  If yes, please describe.

- **Indirect Costs**
  Are indirect costs included in the proposal?  ☒ Yes  ☐ No
  - If yes, indicate the rate. If this rate is different from the agency's approved rate, explain why.
  - If no, provide justification and supporting documentation for not including it.
  - To what base is the indirect cost rate applied?
  - How much of the grant is indirect costs?

  Current approved Federal Indirect Cost rate of 7.59% for FY15 based on modified total direct costs. Rate is applied to entire award amount.

  $801,190 \times 7.59\% = $60,810
MMB-07250-02, September 2012
Please check which review request you are submitting:
- October 20-Day LAC Review
- Urgent 10-Day LAC Review
- 20-Day Session Federal Funds Review

Department: Agriculture

Cite the state legal authority to apply for and accept the award: 17.03.003

Title of federal award and federal legislation authorizing the grant:
Highly Pathogenic Avian Influenza (HPAI)
Emergency 15.AP.APHIS.04; Emergency Funding Request for Nationwide Outbreaks of Notifiable Avian Influenza

CFDA # and federal agency:
10.025 Plant and Animal Disease, Pest Control, and Animal Care
USDA Animal and Plant Health Inspection Service (APHIS)

Application status:
- Pre-application
- Application
- Negotiation
- Awarded

Start date: 03/05/2015 End date: 03/04/2016 Total federal award amount: $1,165,126.00

Check one of the award types below and indicate amount requiring approval:

**New Award**

Indicate anticipated federal grant expenditures in the planning years (next biennium):

<table>
<thead>
<tr>
<th>State FY:</th>
<th>$Amt.:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>555,223</td>
</tr>
<tr>
<td>2016</td>
<td>609,903</td>
</tr>
</tbody>
</table>

**Continuation (can include renewals)**

When was the original approved?

Amount requiring approval by fiscal year in the current biennium:

<table>
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<tr>
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**Increase in award amount**

When was the original approved?

Incremental amount requiring approval by fiscal year in the current biennium:

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MMB-07250-02, September 2012
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- Purpose, goals and strategies
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Partnerships: All efforts are coordinated with state, federal, and industry partners. This includes Minnesota Board of Animal Health, the Minnesota Department of Health, the Minnesota Department of Natural Resources, the University of Minnesota, USDA APHIS, and USDA Food Safety Inspection Servies.

Limited flexibility due to the required emergency response.

No new rules or changes to existing rules.

If this is a 10-day urgent request, describe the nature of the urgency, including: deliverables, timeline, and implications if funds are not encumbered and/or spent before the next regular opportunity to submit a request to the legislature. Also, describe why the availability of federal funds could not have been anticipated and submitted during the last legislative session for review.

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If the award is submitted for the 20-day review, describe any implications if the spending authorization is delayed.

Short and Long-term Commitments

Provide a narrative description of the state's short and long term commitments involved in meeting the requirements of this award.

The short term commitment is quickly respond to HPAI in the Minnesota poultry flocks. No long term commitment.

- **Maintenance of Effort (MOE)**
  
  Does the award contain a maintenance of effort requirement?  **No**  **Yes**
  
  If yes, please provide a narrative description of the MOE, which includes the following:
  
  - Total amount of MOE required
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  Is the continuation of positions a condition of receiving the federal award? ☐ Yes ☐ No

  If yes, please describe.

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  Are indirect costs included in the proposal? ☐ Yes ☐ No
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  o If no, provide justification and supporting documentation for not including it.
  o To what base is the indirect cost rate applied?
  o How much of the grant is indirect costs?

  Current approved Federal Indirect Cost rate of 24.80% calculated on salary and fringe expense only.

  $896,736 x 24.80% = $222,391