



Date: November 16, 2020

To: Legislative Advisory Commission Members

Senator Paul Gazelka
Senate Majority Leader

Senator Julie Rosen, Chair
Finance Committee

Senator Eric Pratt, Chair
Jobs and Economic Growth Finance and Policy
Committee

Representative Melissa Hortman
Speaker of the House

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

Representative Tim Mahoney, Chair
Jobs and Economic Development Finance Division

From: Jim Schowalter, Secretary Legislative Advisory Commission

Subject: URGENT REVIEW | #92 Coronavirus Relief Fund Requests 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 November 13, 2020.

Federal Fund Review Request

FY 2021

92. Small Business Relief Grants (Employment and Economic Development)

\$10,000,000

PROCEDURE FOR LAC REVIEW:

The six LAC members have until Monday, November 30, 2020 to provide a recommendation. To expedite the LAC review process, 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 Chief Fiscal Analyst
Eric Nauman, Senate Lead Fiscal Analyst
Nancy Conley, House Ways and Means Committee Administrator
Jessica Young, Senate Finance Committee Administrator

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: Kevin McKinnon

Title of Request: Small Business Relief Grants

Date: 11/13/2020 **Request Amount:** \$ 10,000,000

Expenditure Time Period: 11/20/2020 to 12/30/2020

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 Minnesota Department of Employment and Economic Development (DEED) oversees the Minnesota Small Business Relief Grants Program approved by the Minnesota State Legislature and signed by Gov. Tim Walz on June 16, 2020. A total of \$62.5 million was appropriated with \$60 million from Corona Virus Relief funds and \$2.5 million from the Small Business Loan Guarantee Trust Fund.

Additional Funding Request

DEED is requesting \$10 million in CRF dollars that would be deployed through this existing program.

- Approximately \$4-5 million would be used for grants to businesses that were previously found to be ineligible solely due to a lapsed or missing business registration with the Office of the Secretary of State (OSS). Before a grant is approved, the business will demonstrate they are in good standing with the OSS.
- Approximately \$5-6 million would be used for randomly selected businesses that are currently on the waiting list. There are approximately 17,700 businesses that are on the application waiting list.
- Any leftover funds (approximately \$250,000) would be directed for grants to Cultural Mall operators to back fill any grant awards they were unable to utilize prior to December 1.



Department Head Signature

11/16/2020

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 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:

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.**