



Date: August 15, 2023

To: Legislative Advisory Commission Members

Senator Kari Dziedzic
Senate Majority Leader

Representative Melissa Hortman
Speaker of the House

Senator John Marty, Chair
Senate Finance Committee

Representative Liz Olson, Chair
Ways and Means Committee

Senator Fong Hawj, Chair
Environment, Climate, and Legacy Committee

Representative Rick Hansen, Chair
Environment and Natural Resources Finance and
Policy Committee

From: Erin Campbell, Secretary Legislative Advisory Commission

RE: Request for 10-Day Review of Federal Funds

Under the provisions of Minnesota Statutes 3.3005, subdivision 4 and 5, the Pollution Control Agency is submitting to the Legislative Advisory Commission (LAC) a federal grant for a 10-day review.

If no request for further review is received from the six LAC members by Friday, August 25, I will approve the requests for spending. 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. We are requesting LAC members respond to the review request directly by email.

I have attached to this email the federal funds review request form for the grant award. The LAC review form provides information about the amount of the federal award, the timeline for spending, the proposed uses of the funds and the requirements associated with accepting the funding.

Agency	Federal Fund Review Request	FY 2024
Pollution Control Agency	Climate Pollution Reduction Grants	\$987,899

If you require additional information about this request, please contact the requesting agency.

cc: Emily Adriaens, House Chief Fiscal Analyst
Eric Nauman, Senate Lead Fiscal Analyst
Owen Wirth, House Ways and Means Committee Administrator
Elspeth Cavert, Senate Finance Committee Administrator

Part One – Basic Federal Award Information

Review Request Type: Fall 20-Day Review 20-Day Session Review Urgent 10-Day Review

State Agency: Minnesota Pollution Control Agency

State Legal Authority: MS 116.03.003

Federal Agency: Environmental Protection Agency

CFDA#: 66.046

Federal Award Title:

Climate Pollution Reduction Grants

Federal Legislation Authorizing the Grant:

2 CFR 200, 2 CFR 1500 and 40 CFR 33, Clean Air Act: Sec. 137

Application Status: Pre-Application Application Negotiation Award

Start Date: 06/01/2023 **End Date:** 05/31/2027 **Total Federal Award Amount:** \$ 3,000,000

Part Two – Award Type Information

New Award

Amount requiring approval in the current biennium:

State FY: 2024 **Amt:** \$ 987,899

State FY: 2025 **Amt:** \$ 1,030,345

Anticipated federal grant expenditures in the planning years (next biennium)

State FY: 2026 **Amt:** \$ 485,956

State FY: 2027 **Amt:** \$ 495,960

Increase in Award Amount (includes continuation and increase in award amount)

Date the current biennium amount was originally approved?

Incremental amount requiring approval in the current biennium

State FY: _____ **Amt:** \$ _____

State FY: _____ **Amt:** \$ _____

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

State FY: _____ **Amt:** \$ _____

State FY: _____ **Amt:** \$ _____

Amount originally approved + Incremental amount requested = New total current biennium amount
 _____ + _____ = \$ 0

Change in Fiscal Years Spending Authority Only

Date the current biennium amount was originally approved?

Incremental amount requiring approval in the current biennium

State FY: _____ **Amt:** \$ _____

State FY: _____ **Amt:** \$ _____

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

State FY: _____ **Amt:** \$ _____

State FY: _____ **Amt:** \$ _____

Amount originally approved + Incremental amount requested = New total current biennium amount
 _____ + _____ = \$ 0

Part Three – Grant Description

Narrative Description of the Federal Award

This agreement provides funding under the Inflation Reduction Act (IRA) to Minnesota Pollution Control Agency (MPCA) to develop a comprehensive, economy-wide climate mitigation plan or update an existing plan in collaboration with air pollution control districts, and large and small municipalities statewide, and tribal governments that will support actions to reduce greenhouse gases (GHG) and harmful air pollutants and to conduct meaningful engagement with low- income and disadvantaged communities.

Specifically, the project will support technical analysis, collaboration, and engagement to expand Minnesota’s Climate Action Framework and identify near-term, high-priority, quantified greenhouse gas (GHG) reduction measures that are applicable at different scales and by different jurisdictions. This work will focus on ensuring that climate actions maximize benefits and lead to the creation of high-quality jobs in the state, especially for low-income and disadvantaged communities (LIDAC).

In general, activities include the development, updating, and evaluation of plans to reduce climate pollution (i.e., to reduce GHG emissions and/or enhance carbon sinks). The Interagency Minnesota Climate Change Subcabinet, led by MPCA, will develop a Priority Climate Action Plan (PCAP) and Comprehensive Climate Action Plan (CCAP) that will cover the entire state, using the Climate Action Framework as a foundation. Targets for this work include an overall framework goal to reduce emissions by 50% by 2030 and achieve net zero emissions by 2050, aligning with the United States’ nationally determined contribution to cut emissions under the Paris Agreement.

10-Day Urgent Request – Describe the nature of the urgency.

The first deliverable of this grant, the Priority Climate Action Plan (PCAP), is due March 1, 2024. To meet this deadline, we need to hire staff to complete this work at MPCA, award and execute contracts for greenhouse gas emissions quantification and forecasting, and subaward to the Department of Health and Department of Employment and Economic Development for staff hiring at those agencies. Completion of this first deliverable is required for states to become eligible to apply to EPA for Climate Pollution Reduction Grant implementation funds to implement GHG reduction activities identified in the PCAP. The deadline for applying for these implementation grant funds is April 1, 2024. Implementation grants are competitive to be funded out of a national pot of \$4.6 billion, with awards anticipated to be \$2-500 million each.

20-Day Review - Describe any implications if the spending authorization is delayed.

[Empty text area for 20-Day Review]

Part Four – Short and Long-Term Commitments

Provide a narrative description of the short and long-term commitments.

MPCA will lead this grant for the four-year period, coordinating interagency efforts through the Climate Change Subcabinet structure. With interagency support, MPCA will develop a Priority Climate Action Plan, update the Minnesota Climate Action Framework, and conduct reporting and planning for future implementation. This work will facilitate implementation of climate mitigation actions in the Minnesota Climate Action Framework

Maintenance of Effort (MOE)

Does the award contain a maintenance of effort requirement? Yes No

If yes, please provide the following:

FY	FUND	AppropID	FinDeptID	Amount

Narrative description of MOE including the program and budget activity from where cash originates, **length of MOE, and consequences if MOE is not met**

[Empty text area for MOE narrative description]

Match requirement:

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

If yes, please provide the following:

1. An estimate of 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.

State FY	Federal portion	Hard match	Soft match	Total project amount
				\$ 0
				\$ 0
				\$ 0
				\$ 0

2. Account information: FY _____ FUND _____ AppropID _____ FinDeptID _____
 FY _____ FUND _____ AppropID _____ FinDeptID _____
 FY _____ FUND _____ AppropID _____ FinDeptID _____

3. Description of the program and budget activity from where cash contributions will originate.

FTE

How many FTE(s) are needed to carry out this project/proposal? 3.4 **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

1. If yes, indicate the rate. If this rate is different from the agency's approved rate, explain why.
2. If no, provide justification and supporting documentation for not including it.
3. To what base is the indirect cost rate applied?
4. How much of the grant is indirect costs?

Please use the space below to respond to the questions above as they apply to your proposal.

MPCA's federal indirect rate is 30.50%, which is applied to staff salary and fringe costs. Indirect costs are estimated to be \$180,511.

Part-Five – Signatures

Nicole Green

Digitally signed by Nicole Green
 Date: 2023.08.02 14:12:26 -05'00'

Agency Finance Director's Signature

08/02/2023

Date

Peter Tester

Digitally signed by Peter Tester
 Date: 2023.08.02 14:12:45 -05'00'

Department Head's Signature

08/02/2023

Date

Ryan Merz

Digitally signed by Ryan Merz
 Date: 2023.08.07 08:49:17 -05'00'

Executive Budget Officer's Signature

08/07/2023

Date