

SF1562 - 0 - Federal Transportation Grants Technical Assistance

Chief Author: **Scott Dibble**  
 Committee: **Transportation**  
 Date Completed: **3/6/2023 9:19:24 PM**  
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1,614	1,413	1,414	1,054	
<b>Total</b>	<b>-</b>	<b>1,614</b>	<b>1,413</b>	<b>1,414</b>	<b>1,054</b>	<b>1,054</b>
<b>Biennial Total</b>			<b>3,027</b>			<b>2,468</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	2.29	1.09	1.09	1.06
<b>Total</b>	<b>-</b>	<b>2.29</b>	<b>1.09</b>	<b>1.09</b>	<b>1.06</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko      **Date:** 3/6/2023 9:19:24 PM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
General Fund	-	1,614	1,413	1,414	1,054	
<b>Total</b>	<b>-</b>	<b>1,614</b>	<b>1,413</b>	<b>1,414</b>	<b>1,054</b>	<b>1,054</b>
	<b>Biennial Total</b>		<b>3,027</b>			<b>2,468</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	1,614	1,413	1,414	1,054	
<b>Total</b>	<b>-</b>	<b>1,614</b>	<b>1,413</b>	<b>1,414</b>	<b>1,054</b>	<b>1,054</b>
	<b>Biennial Total</b>		<b>3,027</b>			<b>2,468</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>-</b>			<b>-</b>

**Bill Description**

Section 1 requires MnDOT to establish a process to provide grants for technical assistance to local or Tribal governments seeking federal discretionary grants. MnDOT must also establish a process for solicitation, submission, and screening grant requests as well as awarding grants. The process must prioritize projects that address climate change, are in areas of persistent poverty or historically disadvantaged communities, are in places eligible for small cities assistance aid, support grants to Tribal governments, and provide for geographical balance throughout the state. Grants may not exceed \$30,000 and units of government may only be awarded one grant per calendar year. Tribal governments may receive multiple grants in a calendar year.

Section 2 requires MnDOT to establish a process to distribute state funds for a match to Infrastructure Investment and Jobs Act (IIJA) grant funds. Eligible fund recipients include MnDOT, Indian Tribes, local units of government, metropolitan planning organizations, and other recipients of federal grants such as rural transit providers.

Section 3 appropriates \$1 million in fiscal years 2024 and 2025 for federal transportation grants technical assistance. It appropriates \$214.4 million in fiscal year 2024 from the general fund for federal discretionary grant matches. This is available until June 30, 2027. It also appropriates \$42 million in fiscal year 2024 for federal discretionary grant matches for trunk highway projects. This is also available until June 30, 2027.

**Assumptions**

Section 1: MnDOT will establish a process to solicit applications for technical assistance grants and award them. This includes identifying criteria for areas of persistent poverty and historically disadvantaged communities. This is expected to take 2,500 hours of staff time at an average hourly rate of \$53 plus 50% to account for related overhead costs including fringe benefits. MnDOT would also use consultant contracts to assist in the process development and administration of the technical assistance program. This assumption is based on current efforts provided to MnDOT by consultants to review IIJA funding opportunities, assess projects, develop the application, and submit to the federal government for competitive grant opportunities.

MnDOT staff will administer the solicitation process and grants awarded in Section 1. MnDOT assumes technical assistance grants will be \$25,000-\$30,000 per grant. With \$2 million available over two years, this results in approximately 75 technical assistance grants to local agencies and tribes. Federal grant opportunities are released throughout the year so solicitation would remain open continuously. MnDOT estimates the solicitation process requires 2,080 hours of staff time per year at an average hourly rate of \$53 plus 50% to account for related overhead costs including fringe benefits. MnDOT estimates 60 hours of staff time per grant each year over three years for administration and oversight at the same average hourly rate.

Section 2: MnDOT will establish a process to allocate IIJA discretionary match funds. The trunk highway project match funds can be allocated through existing processes. For the purposes of this fiscal note, MnDOT assumes that 50% of the available IIJA discretionary match funding will be allocated to MnDOT. The remaining 50% of \$214.4 million in state funds will be allocated to local units of government, tribes, and other non-MnDOT federal grant recipients, with an average grant amount of \$2 million. This results in approximately 55 grants to local agencies, tribes, and other non-MnDOT federal grant recipients. MnDOT estimates 60 hours of staff time per grant per year for administration and oversight at an average hourly rate of \$53 plus 50% to account for related overhead costs including fringe benefits.

Section 3(c): MnDOT assumes 50% of \$42 million in state funds will be allocated to local units of government that are leading projects on the trunk highway and that secured federal grants for such work, with an average state grant amount of \$2 million. This results in approximately 10 grants to local agencies. MnDOT estimates 60 hours of staff time per grant per year for administration and oversight at an average hourly rate of \$53 plus 50% to account for related overhead costs including fringe benefits.

In total, MnDOT estimates awarding 140 grants for a total of \$132,000,000. MnDOT assumes up to 5% of the total grant awards to be used for grant administration and oversight. Allowing for a percentage to be used for administration costs of the program is often included in the authorizing legislation for some programs.

**Expenditure and/or Revenue Formula**

	Number of Grants	MnDOT Staff Time	Wage Rate + Overhead	Consultant Costs	Total Cost
Consultants process development and technical assistance administration				\$575,000/year (4 years)	\$2,300,000
Grant Solicitation Development		2,500	\$80		\$200,000
Grant Solicitation and Awards		8,320 (2080 hrs/yr x 4 yrs)	\$80		\$665,600
Grant Administration for Technical Assistance Grants	75	180 (60 hrs x 3 yrs)	\$80		\$1,080,000
Grant Administration for IIJA Match Awards	55	240 (60 hrs x 4 yrs)	\$80		\$1,056,000
Grant Administration for Trunk Highway Project Match Awards	10	240 (60 hrs x 4 yrs)	\$80		\$192,000
<b>Total Fiscal Impact</b>	<b>140</b>				<b>\$5,493,600</b>

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**COSTS BY FISCAL YEAR**

	FY24	FY25	FY26	FY27	Total Cost
Consultants	\$575,000	\$575,000	\$575,000	\$575,000	\$2,300,000
Grant Solicitation Development	\$200,000				\$200,000

Grant Solicitation and Awards	\$166,400	\$166,400	\$166,400	\$166,400	\$665,600
Grant Administration for Technical Assistance Grants	\$360,000	\$360,000	\$360,000		\$1,080,000
Grant Administration for IIJA Match Awards	\$264,000	\$264,000	\$264,000	\$264,000	\$1,056,000
Grant Administration for Trunk Highway Project Match Awards	\$48,000	\$48,000	\$48,000	\$48,000	\$192,000
<b>Totals</b>	<b>\$1,613,400</b>	<b>\$1,413,400</b>	<b>\$1,413,400</b>	<b>\$1,053,400</b>	<b>\$5,493,600</b>
<b>FTEs</b>	<b>2.29</b> (4760 hrs / 2080 = 2.29 FTE)	<b>1.09</b> (2260 hrs / 2080 = 1.09 FTE)	<b>1.09</b> (2260 hrs / 2080 = 1.09 FTE)	<b>1.06</b> (2200 hrs / 2080 = 1.06 FTE)	

**Long-Term Fiscal Considerations**

None.

**Local Fiscal Impact**

A solicitation under Section 1 to prioritize and identify state grants to provide technical assistance to local governments and Indian Tribes in developing federal grant applications would introduce additional costs to local agencies and Indian Tribes. These additional costs would be soft costs in completing a state application for these funds, or in hiring a consultant to develop the state application on the agency's behalf.

**References/Sources**

MnDOT Office of State Aid

MnDOT Office of Transit and Active Transportation

MnDOT Office of Financial Management

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