



COVID-19 FLEXIBLE RESPONSE ACCOUNT

AMERICAN RESCUE PLAN STATE FISCAL RECOVERY FUND

Aug. 31, 2021

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

As requested by Minnesota Statute 3.197: This report cost less than \$1,000 to prepare, including staff time, printing and mailing expenses.

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

Contents

Executive Summary4

Background.....5

Authorized Expenditures6

Appendix A: COVID-19 Flexible Response Account Detail7

Appendix B: Request Forms8

Executive Summary

- The COVID-19 Flexible Response Account was created to pay expenditures eligible under federal guidance for the state fiscal recovery federal fund. The fund was established on July 1, 2021 with a beginning balance of \$425 million.
- Money in the fund is appropriated to the Commissioner of Management and Budget to be disbursed or transferred to state agencies, as necessary.
- The Commissioner of Management and Budget may authorize expenditures of \$2.5 million or less. An expenditure request in excess of \$2.5 million must be submitted to the Legislative COVID-19 Response Commission for review and recommendation before it can be authorized.
- Funds in the COVID-19 Flexible Response Account may be allocated until June 30, 2022, pursuant to [Laws 2021 1st Special Session, Chapter 12](#). Allocated funds are available until June 30, 2023. Any money in the fund that remains unallocated on July 1, 2022 cancels back to the state fiscal recovery federal fund.
- As of Aug. 31, \$388.9 million remains unallocated in the fund. Legislative COVID-19 Response Commission authorizations total \$30.6 million. Additionally, \$5.5 million has been authorized as an expenditure of \$2.5 million or less.

Background

On June 30, 2021, the Legislature passed legislation creating the COVID-19 Flexible Response Account and appropriating \$425 million to the Commissioner of Management and Budget to be disbursed or transferred to state agencies, as necessary. The legislation also reestablished the Legislative COVID-19 Response Commission to review expenditures.

Members of the commission are the Senate majority and minority leaders, president, chair and ranking minority member of the Senate Finance Committee, House majority and minority leaders, speaker, and chair and ranking minority member of the House Ways and Means Committee.

Expenditure requests in excess of \$2.5 million must be submitted to the Legislative COVID-19 Response Commission for review and recommendation before they can be authorized. The commission has three days after submission to review a request and provide a positive recommendation, a negative recommendation, or no recommendation. If a majority of commission members from the Senate and a majority of commission members from the House of Representatives provide a negative recommendation on a proposed expenditure, the commissioner is prohibited from expending the money. If a majority of the commission members from the Senate or a majority of the commission members from the House of Representatives do not make a negative recommendation, or if the commission makes no recommendation, the commissioner may expend the money. The Commissioner of Management and Budget may authorize expenditures of \$2.5 million or less.

The Commissioner of Management and Budget must provide expenditure reports from the COVID-19 Flexible Response Account to the Legislative COVID-19 Response Commission on the last day of each month. The report must include the total amount of each expenditure, the purpose of each expenditure, and any additional information the Commissioner of Management and Budget determines is necessary to properly document each expenditure. This report includes accounting data through Aug. 31, 2021. Expenditures and commitments in SWIFT may lag the actual costs incurred due to delays in invoicing and payment processes with vendors.

Funds in the COVID-19 Flexible Response Account may be allocated until June 30, 2022, pursuant to [Laws 2021 1st Special Session, Chapter 12](#). Allocated funds are available until June 30, 2023. Any money in the fund that remains unallocated on July 1, 2022 cancels back to the state fiscal recovery federal fund.

Authorized Expenditures

Below is a summary of total authorized expenditures from the COVID-19 Flexible Response Account through Aug. 31, 2021. Table 1 highlights authorized expenditures in excess of \$2.5 million. Table 2 highlights authorized expenditures of \$2.5 million or less.

Table 1. Authorized Expenditures Over \$2.5 Million

(\$ in thousands)

Request #	Date	Agency	Description	Authorized	Expended
LCRC-1	8/4/2021	DPS	Violence Prevention Grants	\$ 16,800	-
LCRC-2	8/6/2021	MDH	Vaccine Incentives	\$ 13,800	\$ 5,023

Table 2. Authorized Expenditures of \$2.5 Million or Less

(\$ in thousands)

Request #	Date	Agency	Description	Authorized	Expended
MMB-1	7/30/2021	MDH	Vaccine Incentives	\$ 2,500	-
MMB-2	8/30/2021	DNR	Timber Permit Relief	\$ 1,000	-
MMB-3	8/30/2021	ADM	Small Business Development	\$ 960	-
MMB-4	8/30/2021	MDE	Girl Scouts ConnectZ	\$ 1,000	-

Appendix A: COVID-19 Flexible Response Account Detail

COVID-19 Flexible Response Account Overview, July 1 to Aug. 31, 2021

(\$ in thousands)

Initial Fund Balance	Authorized	Remaining Unauthorized	Expended	Committed	Uncommitted
\$ 425,000	\$ 36,060	\$ 388,940	\$ 5,023	-	\$ 31,037

COVID-19 Flexible Response Account Detail

(\$ in thousands)

Request #	Agency	Description	Authorized	Expended	Committed
LCRC-1	DPS	Violence Prevention Grants	\$ 16,800	-	-
LCRC-2	MDH	Vaccine Incentives	\$ 13,800	\$ 5,023	-
MMB-1	MDH	Vaccine Incentives	\$ 2,500	-	-
MMB-2	DNR	Timber Permit Relief	\$ 1,000	-	-
MMB-3	ADM	Small Business Development	\$ 960	-	-
MMB-4	MDE	Girl Scouts ConnectZ	\$ 1,000	-	-

Appendix B: Request Forms

- LCRC-1 DPS Violence Prevention Grants
- LCRC-2 MDH Vaccine Incentives
- MMB-1 MDH Vaccine Incentives
- MMB-2 DNR Timber Permit Relief
- MMB-3 ADM Small Business Development
- MMB-4 MDE Girl Scouts ConnectZ

**American Rescue Plan (ARP) State
Fiscal Recovery Funds (SFRF)
Request Form**

Please complete this form in accordance with
the process instructions.

Agency/Point of Contact: Department of Public Safety's Office of Justice Programs

Title of Request: Investment in Survivor Support & Violence Prevention and Intervention

Date: 7/30/2021

Request Amount: \$ 16,800,000

Expenditure Time Period: 7/1/2021 to 6/30/2023

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

The Minnesota Department of Public Safety ("State") requests \$15 million to address immediate needs for community violence intervention, as well as to fund Survivor Support and Prevention grants and Innovation in Community Safety grants. An additional \$1.8 million is requested for administration of these funds by the Office of Justice Programs (OJP), including community engagement, technical assistance, grant administration, and reporting. This funding will fill critical gaps in Minnesota's public safety response as the pandemic has had a disproportionate impact on communities of color, including higher levels of unemployment, positive case rates, and deaths. The multi-layered stress of the pandemic is directly impacting the rise in crime, and the COVID-19 relief bills Congress passed have identified public safety as an important issue in the response to the pandemic.

The Survivor Support and Prevention grant program will award grants to organizations serving victims of crime to provide direct financial assistance to victims to mitigate the impacts of crime, and programs aimed at stopping the cycles of violence. This program will prioritize applicants seeking to establish, maintain, or expand services to underserved populations.

The Innovation in Community Safety grant program will award grants to organizations in targeted areas for programming that could include, but are not limited to, youth, young adult, and family antiviolence outreach programs. This grant program will prioritize areas with the highest rates of violent crime and encourages collaboration with law enforcement, state and local public agencies, interfaith organizations, nonprofit organizations, and African immigrant and African American community organizations and stakeholders.

A smaller competitive RFP is anticipated to be issued specifically for violence prevention programs operating summer 2021, with any remaining funds being released later in the year for preparation for summer 2022. In addition, a dedicated amount will be appropriated to the YMCA as the fiscal agent for the Social Compact in collaboration with Summit Academy OIC and partners.

The Department of Public Safety Office of Justice Programs anticipates releasing multiple competitive requests for proposals (RFPs) for these specific grant areas over the next year in conjunction with similar state funded competitive grant programs. The Office of Justice Programs will work with community stakeholders in establishing the RFPs and implementing the grant program areas.

Kathryn Weeks

Department Head Signature

7/30/2021

Date

**American Rescue Plan (ARP) State
Fiscal Recovery Funds (SFRF)
Request Form**

Please complete this form in accordance with
the process instructions.

Agency/Point of Contact: Margaret Kelly, Deputy Commissioner, Minnesota Department of Health

Title of Request: Vaccine Incentives Program

Date: 7/30/2021

Request Amount: \$ 13,800,000

Expenditure Time Period: 7/30/2021 to 6/30/2023

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

We face a critical juncture in the pandemic. The Delta variant is significantly more infectious and is pushing cases up across the country. It is the dominant strain circulating in Minnesota accounting for more than 80% of new COVID-19 cases and putting both vaccinated and unvaccinated at higher risk. As we head into the fall and kids go back to school, we need to do everything we can to prevent a new wave. While we have made significant progress to date, we need to continue to do everything we can to mitigate the likelihood of transmission. Getting more people vaccinated is our best protection strategy.

Our previous incentive program, Your Shot to Summer, encouraged just over 15,000 Minnesotans to get vaccinated. The Visa gift card was the most popular incentive. Recent research suggests that a \$100 incentive could sway up to 30% of the people who are not yet vaccinated to get a shot. In addition, feedback from community groups suggests that we should also offer flexibility to providers to tailor incentives to their populations in order to improve uptake.

The Governor has used his authority to appropriate \$2.5 million to renew our previous incentive program. We are standing up a website so those getting their first shot between July 30 and August 15 can register for a \$100 gift card until the funds run out. We anticipate providing rewards to just under 25,000 Minnesotans.

This proposal will both expand the current \$100 incentive program to more Minnesotans and provide grants to our vaccine partners to tailor incentives to their specific populations.

Expanding the current \$100 incentive program: additional funding will allow us to encourage more people to get vaccinated by covering all new first doses in a two- week period and not be limited to just the first 25,000 people.

Providing grants to vaccine providers: MDH will solicit and fund proposals from our vaccination partners, including Local Public Health, COVID Community Coordinators, FQHCs and Community Clinics, Tribal Health, Health Care Systems, Shelters, Corrections, and Long-term Care providers, so they can tailor incentives to their populations. Providers may want to incent first and second doses, or may reward referrals, or may provide for more immediate rewards. Grants will be awarded as soon as September to fund activity through December 2021 with the ability to extend.

Funds will be used for grants and to purchase gift cards, including administrative costs on gift cards and to award, distribute, and monitor, and report out on grants. Any unused funds will be used for future, more targeted incentives.

Margaret Kelly

Digitally signed by Margaret Kelly
Date: 2021.07.30 12:33:59 -05'00'

Department Head Signature

Date

**American Rescue Plan (ARP) State
Fiscal Recovery Funds (SFRF)
Request Form**

Please complete this form in accordance with
the process instructions.

Agency/Point of Contact: Margaret Kelly, Deputy Commissioner, Minnesota Department of Health

Title of Request: Vaccine Incentives

Date: 7/30/2021

Request Amount: \$ 2,500,000

Expenditure Time Period: 7/30/2021 to 6/30/2023

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

We face a critical juncture in the pandemic. The Delta variant is pushing cases up across the country, including right here in Minnesota. As we head into the fall and kids go back to school, we need to do everything we can to prevent a new wave. While we have made significant progress to date, we need to continue to do everything we can to mitigate the likelihood of transmission.

The Delta variant is significantly more infectious than the original strain of COVID-19. It is the dominant version circulating in Minnesota, accounting for more than 80% of new COVID-19 cases in our state. This puts both vaccinated and unvaccinated at higher risk, but getting more people vaccinated is our best protection strategy.

Our previous incentive program, Your Shot to Summer, encouraged just over 15,000 Minnesotans to get vaccinated. The Visa gift card was the most popular incentive. In addition, recent research suggests that a \$100 incentive could sway up to 30% of the people who are not yet vaccinated to get a shot.

We are proposing to renew our previous incentive program but increase the amount to \$100 and limit the incentive to cash awards only (Visa gift cards). We will stand up a website, and those getting their first shot between July 30 and August 15 can sign up for a \$100 gift card until the funds run out. We anticipate providing rewards to just under 25,000 Minnesotans.

Funds will be used to cover the cost of purchasing gift cards, including any administrative costs. Any unused funds will be used for future, more targeted incentives.

Margaret Kelly

Digitally signed by Margaret Kelly
Date: 2021.07.30 11:52:37 -05'00'

Department Head Signature

Date

American Rescue Plan (ARP) State Fiscal Recovery Funds (SFRF) Request Form

Please complete this form in accordance with the process instructions.

Agency/Point of Contact: Department of Natural Resources / Forrest Boe

Title of Request: Timber Permit Relief

Date: 8/5/2021 **Request Amount:** \$ 1,000,000

Expenditure Time Period: 9/1/2021 to 7/31/2022

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

\$1,000,000 is requested by the Minnesota Department of Natural Resources (DNR) to provide timber permit security refunds, as authorized by Laws of Minnesota 2021, 1st Spec. Sess., Chapter 6, Article 2, Section 128, to DNR timber permit holders for spruce and balsam fir permits affected by timber market decline and mill closures caused by COVID-19.

As a result of COVID-19, parts of the timber industry experienced an unprecedented market decline and two mills in Minnesota and Wisconsin were closed. This had immediate impacts for some loggers holding permits, particularly for spruce and balsam fir, for which the market was severely depleted.

Loggers and timber purchasers provide an up-front permit security payment of 15 percent of the appraised value of the timber covered by a permit. Permit security payments are distributed as revenue to the appropriate fund/account based on land ownership (e.g., state, school trust, county), as directed by statute. If the timber associated with a permit is not harvested within a set period of time, per statute the permit holder forfeits the security payment.

In light of the unprecedented COVID-19 impacts on the timber industry, Laws of Minnesota 2021, 1st Spec. Sess., Chapter 6, Article 2, Section 128 authorized DNR to refund permit security payments for unharvested permits containing at least 30 percent spruce and balsam fir. This request provides the necessary funding to implement the security payment refunds.

Permit holders who believe they qualify for a security payment refund must make a written request to the DNR Commissioner before August 31, 2021. DNR timber program staff will review each request to ensure it meets the requirements described in session law. Contingent on provision of the necessary ARP funding, upon receipt of a qualifying refund request, the timber permit will be canceled and a security refund issued using standard invoicing/receipting processes. Any requests that do not meet the requirements will be communicated to the permit holder.

Sarah Strommen Digitally signed by Sarah Strommen
Date: 2021.08.18 11:15:35 -05'00'

Department Head Signature

Date



American Rescue Plan (ARP) State Fiscal Recovery Funds (SFRF) Request Form

Please complete this form in accordance with the process instructions.

Agency/Point of Contact: Department of Administration/Alice Roberts-Davis

Title of Request: Small Business Development

Date: 8/5/2021 Request Amount: \$ 960,000

Expenditure Time Period: 8/16/2021 to 6/30/2023

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

This ARP request will benefit small businesses throughout the state. In 2015, the Department of Administration (Admin) established the Office of Equity in Procurement (OEP) to assist Targeted Group Businesses (TGBs) in doing business with the state. TGBs are small businesses owned by minorities, women, people with substantial physical disabilities, and veterans as they seek state contracts. Since its inception, the OEP has achieved remarkable results by focusing on both increasing state spend with TGBs and the number of certified businesses.

OEP's work is complemented by the 2017 addition of the Procurement Technical Assistance Center (PTAC), a business development program partially funded by a federal Defense Logistics Agency grant. The program strengthens Minnesota's economy by stimulating job creation, growth, and business retention by assisting businesses in securing state, federal and local government contracts. Every state has a PTAC but Minnesota was at risk of losing its when the non-profit that had hosted the state's PTAC decided to end that service in 2017. To continue this vital service to Minnesota's business community without a state appropriation, Admin used OEP staff time as the state match for the federal funding. About 50% of OEP's time supports PTAC work. While the work has a synergy benefiting businesses, ARP funding will allow Admin to unwind this complex funding structure so OEP can focus on its core mission of assisting businesses owned by those residing in Greater Minnesota, or by minorities, women, veterans, and people with substantial physical disabilities.

The OEP has achieved measurable results over the last six years in spending with certified TGBs and the number of certified TGBs. The OEP is responsible for recruiting and vetting businesses for certification and there is a direct correlation between the number of certified businesses and the amount of money that the state spends with TGBs. (See Exhibits A and B and C.) Additionally, the Equity Select program allows for the direct selection of TGBs for contracts up to \$25,000, and has been used extensively by agencies as a path for engaging small, disadvantaged businesses. (See Exhibit D.) Leveraging existing statutory language, the Sheltered Markets program was created to ensure that qualified disadvantaged businesses would have the opportunity to earn certain state contracts. However, this is an extremely labor-intensive process for the OEP and requires at least one FTE to manage all of the vendors. (See Exhibit E.)

ARP funding will be used to ensure that the program continues to assist small businesses: • To maximize the utility of our successful vendor portal that allows for unified local, state, and federal certifications, ARP funding will allow for a new Virtual Assistant portal in which all state and local contracting announcements can be found, giving small businesses, with limited resources, easy access to opportunities. • We can focus our energies on both in-person and online outreach to end user communities, as well as educate and support agency partners. Matching vendors with opportunities is how we increase spend exponentially. • We can grow our Tier 2 program, which is how we measure/require vendor usage of underrepresented businesses (Exhibit F). • We can expand the Sheltered Markets program.

Alice Roberts-Davis

Department Head Signature

08.16.2021

Date



American Rescue Plan (ARP) State Fiscal Recovery Funds (SFRF) Request Form

Please complete this form in accordance with the process instructions.

Agency/Point of Contact: MDE - Adosh Unni, Director of Government Relations

Title of Request: Girl Scouts ConnectZ

Date: 8/11/2021 Request Amount: \$ 1,000,000

Expenditure Time Period: 7/1/2021 to 6/30/2023

Brief Summary of Request: (Summary must be complete on this page with supporting information attached)

The Girl Scouts ConnectZ request would provide \$1 million for the program to expand with a statewide reach.

The Girl Scouts ConnectZ program currently provides a path to becoming a Girl Scout for 3,000 underserved and under resourced girls from low-income communities in the Twin Cities and southern Minnesota. It provides leadership programming focused on culturally responsive social emotional learning. On average, 90% of participants identify as girls of color and 90% are eligible for free and reduced price lunch. Programming is delivered by trained youth development professional staff who are predominately women of color. Programming allows girls to explore things that they otherwise would not have access to, such as life coaching skills, access to role models, and leadership and entrepreneurial opportunities. They strive to have a holistic and culturally responsive approach and provide a sense of belonging to girls who may not otherwise feel that.

The \$1 million in federal funding would be used for Girl Scouts ConnectZ programming to be expanded statewide and provide MDE administrative support to the program.

Heather Mueller Digitally signed by Heather Mueller Date: 2021.08.11 17:07:04 -05'00'

Department Head Signature

Date