

HF4500 - 1E - COVID-19 Grant Extensions

Chief Author: **Michael Nelson**
 Committee: **Ways and Means**
 Date Completed: **5/11/2020 6:08:41 PM**
 Agency: **Minn Management and Budget**

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	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Total	-	-	-	-	-

LBO Analyst's Comment

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

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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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

For the purpose of providing relief due to disruptions caused by peacetime emergency created by the COVID-19 pandemic, the bill allows encumbrances for grants issued by June 30, 2020, to be certified for a period of two fiscal years beyond the fiscal year in which the appropriations were scheduled to cancel, upon the approval of the commissioner of management and budget.

Assumptions

This bill contains an unknown fiscal impact. Under current law, encumbrances for grants can be certified for one year beyond the fiscal year of the appropriation. This means that this bill will allow encumbrances for grants to be extended by an additional year in most instances for grants issued by June 30, 2020.

From a budgetary perspective, grant appropriations affected by this bill have already been appropriated by the legislature and therefore the funds are obligated in the state’s accounting system and tracked as spent in the state’s financial statements. However, the effect of extending encumbrances for grants by an additional year will likely result in funds being spent that would have otherwise ultimately canceled without the extension.

Minnesota Management and Budget (MMB) conducts a wide breadth of financial activities during its ordinary course of business. This includes reviewing and approving the establishment of appropriations for state agencies and certifying state agencies’ encumbrances, including grant encumbrances provided in current law under MS 16A.28, subd. 6. MMB anticipates that the additional administrative impact of approving grant encumbrance extensions sought by state agencies, as provided in this bill, will be minimal. Moreover, the impact will not be ongoing, as the bill allows the extension only for grants issued by June 30, 2020.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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