

HF3090 - 1A - Emergency Shelter Facilities

Chief Author: **Aisha Gomez**
 Committee: **Human Services Finance and Policy**
 Date Completed: **3/7/2022 5:07:29 PM**
 Agency: **Human Services 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	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	100,400	465	465	
Total	-	-	100,400	465	465	
Biennial Total			100,400			930

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	5	5	5
Total	-	-	5	5	5

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: Steve McDaniel **Date:** 3/7/2022 5:07:29 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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	100,400	465	465	
Total		-	-	100,400	465	465
Biennial Total				100,400		930
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	100,400	465	465	
Total		-	-	100,400	465	465
Biennial Total				100,400		930
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

H.F. 3090, as amended by the A1 amendment, provides \$100 million in fiscal year 2023 from the general fund to the commissioner of human services for emergency shelter facilities grants. Grants may be used for the acquisition of property, site preparation, demolition, design, construction, renovation, furnishing, or equipping of emergency shelter facilities. Eligible applicants include cities, counties, tribal governments, not-for-profit corporations, or housing and redevelopment authorities.

The legislation specifies that the commissioner shall prioritize grants for projects that improve or expand emergency shelter facility options by adding additional emergency shelter facilities through renovation of existing facilities not currently operating as emergency shelter facilities; renovating existing emergency shelter facilities; and adding additional emergency shelter facility beds through acquisition and construction of new emergency shelter facilities.

The legislation specifies that grants may be used to pay for 100 percent of total project capital expenditures, or a specified phase of the project, up to \$10 million per project. The legislation, as amended, requires that the commissioner use a competitive request for proposals process to identify potential projects and eligible applicants on a statewide basis. The legislation, as amended, specifies that this is a onetime appropriation that is available until June 30, 2026.

Assumptions

Implementation Timing

H.F. 3090-A1 provides \$100 million in grants that will be distributed by DHS, beginning in fiscal year 2023, through a competitive request for proposals process to cities, counties, tribal governments, not-for-profit corporations, or housing and redevelopment authorities. Grant funds are available for projects funded by the commissioner until June 30, 2026. DHS assumes that completion of the projects funded by this appropriation will depend on the size and scope of each project.

Administrative Costs

A capital investment of this size requires sufficient administrative resources to ensure that funds are distributed to grantees effectively, efficiently, and with the oversight needed to maintain project integrity. DHS currently has one FTE for the entire agency focused on capital projects. Accordingly, this fiscal note assumes that additional administrative capacity would be needed at DHS to manage the appropriation provided by H.F. 3090-A1.

DHS estimates that administration of the capital grants would require staff for at least three fiscal years, beginning in fiscal year 2023. DHS assumes that five (5) temporary full-time equivalents (FTEs) would be needed for the duration of the projects funded under H.F. 3090-A1. These staff are needed to manage the projects including publishing the request for proposals, hosting bidder's conferences, and coordinating with community providers, cities, counties and tribes. These staff will also manage and oversee contracts, payments and closeout to assure accountability and transparency of the projects funded.

DHS assumes the five FTEs will include three FTEs at MAPE level 14L, one FTE at MAPE level 17L, and one FTE supervisor at MMA level 21K. DHS assumes staff will begin by October 1, 2022. In addition to salary costs, this fiscal note assumes fringe benefits at 30% of salary costs, up-front costs of \$15,150 per FTE, and overhead costs of \$1,275 per month per FTE. Total FTE costs are \$588,310 in fiscal year 2023, \$683,413 in fiscal year 2024, and \$683,413 in fiscal year 2025. This fiscal note assumes an administrative FFP of 32 percent. Net costs to the general fund after FFP are \$400,051 in fiscal year 2023, \$464,721 in fiscal year 2024, and \$464,721 in fiscal year 2025.

DHS administrative costs included in this fiscal note, totaled over fiscal year 2023-2025, represent 1.33% of the grant funds of \$100 million.

Impact on Shelters

DHS estimates that if all \$100 million in grants were used for acquisition and construction of new shelter facilities, approximately 800 additional shelter beds could be brought online. This is based on a \$125,000 per unit cost analysis of past community behavioral health facilities bonding projects completed by DHS. DHS cautions that this is a preliminary estimate as a proportion of funds will be used to renovate existing shelters rather than add new shelters to the state. Future responses to the request for proposals will inform the split between acquisition/construction and renovation.

Funding for the shelter services that would be necessary to accommodate a capital investment in shelter facilities of this size is not contemplated in this fiscal note.

Expenditure and/or Revenue Formula

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2022	FY2023	FY2024	FY2025
GF	47	Emergency Shelter Facilities Grants		100,000		
GF	12	Children and Families Admin 4 FTE		475	552	552
GF	11	Operations Admin 1 FTE		113	132	132
GF	Rev1	Admin FFP @ 32%		(188)	(219)	(219)
		Total Net Fiscal Impact		100,400	465	465
		Full Time Equivalents		5	5	5

Long-Term Fiscal Considerations

H.F. 3090, as amended by the A1 amendment, allows grant funds to be available to the commissioner of human services until June 30, 2026. Once projects are completed, ongoing funding for services will be needed to operate new or expanded shelter facilities.

Local Fiscal Impact

H.F. 3090 specifies that eligible applicants for grants include statutory or home rule charter cities, counties, tribal governments, not-for-profit corporations under section 501(c)(3) of the Internal Revenue Code, or housing and redevelopment authorities established under Minnesota Statutes, section 469.003. The bill does not require local governments to apply and does not impose new duties or requirements on local governments.

References/Sources

Minnesota Department of Human Services

Children and Family Services Administration, Office of Economic Opportunity

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