

HF2900 - 0 - Frontline Worker Payments

Chief Author: **Cedrick Frazier**
 Committee: **Workforce and Business Development Finance and Policy**
 Date Completed: **2/17/2022 8:36:35 PM**
 Lead Agency: **Labor and Industry Dept**
 Other Agencies:
 Employment and Economic Revenue Dept
 Dvlpmnt

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
Employment and Economic Dvlpmnt		-	-	-	-	-
General Fund		-	-	-	-	-
Labor and Industry Dept						
General Fund		-	39	2,441	-	-
Revenue Dept						
General Fund		-	1,000,000	1,992	-	-
State Total						
General Fund		-	1,000,039	4,433	-	-
Total		-	1,000,039	4,433	-	-
Biennial Total				1,004,472		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
Employment and Economic Dvlpmnt		-	-	-	-	-
General Fund		-	.04	-	-	-
Labor and Industry Dept						
General Fund		-	.33	3.67	-	-
Revenue Dept						
General Fund		-	-	6.68	-	-
Total		-	.37	10.35	-	-

Lead 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: Darren Sheets **Date:** 2/17/2022 8:36:35 PM
Phone: 651-297-1423 **Email:** darren.sheets@lbo.mn.gov

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
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Labor and Industry Dept						
General Fund	-	39	2,441	-	-	-
Revenue Dept						
General Fund	-	1,000,000	1,992	-	-	-
Total	-	1,000,039	4,433	-	-	-
Biennial Total			1,004,472			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund						
Expenditures	-	8	-	-	-	-
Absorbed Costs	-	(8)	-	-	-	-
Labor and Industry Dept						
General Fund	-	39	2,441	-	-	-
Revenue Dept						
General Fund	-	1,000,000	1,992	-	-	-
Total	-	1,000,039	4,433	-	-	-
Biennial Total			1,004,472			-
2 - Revenues, Transfers In*						
Employment and Economic Dvlpmt	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Labor and Industry Dept						
General Fund	-	-	-	-	-	-
Revenue Dept						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

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

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State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	39	2,441	-	-
Total	-	39	2,441	-	-
Biennial Total			2,480		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	.33	3.67	-	-
Total	-	.33	3.67	-	-

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: Darren Sheets **Date:** 2/15/2022 3:27:46 PM
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State Cost (Savings) Calculation Details

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*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	-	39	2,441	-	-
Total	-	39	2,441	-	-
Biennial Total			2,480		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	39	2,441	-	-
Total	-	39	2,441	-	-
Biennial Total			2,480		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

The purpose of this bill is to provide payments to frontline workers whose work put them at a risk of contracting COVID-19 during the peacetime emergency declared by the Governor beginning on March 15, 2020 and ending on June 30, 2021.

Section 1 of the bill details that payments to frontline workers have a public purpose and benefit the people of Minnesota by responding to the extraordinary circumstances of the COVID-19 pandemic and compensating workers for working conditions that exceeded what was contemplated in their employment agreement to ensure that the state was able to continue functioning.

Section 2 of the bill establishes a frontline worker pay program with payments to be made by the Department of Revenue (DOR) in coordination with the Department of Labor and Industry (DLI) and the Minnesota Department of Employment and Economic Development (DEED).

"Frontline sector" is defined in the bill as:

- Long-term care and home care;
- Health care, excluding physicians;
- Emergency responders;
- Public health, social service, and regulatory service;
- Courts and corrections;
- Child care;
- Public schools, including charter schools, state schools, and higher education;
- Food service, including production, processing, preparation, sale and delivery;
- Retail, including sales, fulfillment, distribution, and delivery;
- Temporary shelters and hotels;

- Building services, including maintenance, janitorial, and security;
- Public transit;
- Ground and air transportation services;
- Manufacturing; and
- Vocational rehabilitation.

A frontline worker is eligible to receive a payment if the individual:

- Worked at least 120 hours in Minnesota in a frontline sector during the peacetime emergency, March 15, 2020 through June 30, 2021,
- Was not able to telework due to the nature of the work and worked in close proximity to individuals outside the individual's household,
- Has an adjusted gross annual income for tax years 2020 or 2021 less than:
 - o 250,000 for married taxpayers filing joint return, and \$150,000 for all other filers (those who worked in an occupation with direct COVID-19 patient care responsibilities), or
 - o \$185,000 for married taxpayers filing joint returns, and \$85,000 for all other files.
- Did not collect unemployment insurance benefits for more than 20 weeks beginning March 15, 2020, and ending June 30, 2021.
- Completes an application and submits it to the Minnesota Department of Labor & Industry certifying that the individual meets the eligibility requirements.

Section 2, subdivision 4 of the bill requires DLI to establish a process for accepting applications from frontline workers. Once the application period is open, the bill establishes a 45-day application period.

DLI must assist applicants with submitting applications. This assistance must include establishing a multilingual temporary help line for applicants and multilingual applications and instructions.

To the extent possible, applicant eligibility for payment must be verified by DOR, DEED, and DLI. If the information necessary to verify an applicant's eligibility is lacking, the bill requires DLI to accept the applicant's self-certification of eligibility in the absence of contrary information.

The bill requires DLI to provide an appeals process for applicants who received a denial of eligibility. The appeal must be made to DLI within 15 days of the notice of denial. DLI's decision on appeal is final.

The bill allows DLI to contract with a third party to implement the application process and applicant assistance required.

After the 45-day application period, DOR must determine the payment amount for each eligible frontline worker based on the available appropriation and the number of eligible applicants. The payment amount must be the same for each eligible frontline worker, and must not exceed \$1,500. As soon as practicable, DOR must distribute the payments to the eligible frontline worker applicants.

DLI will reopen application period if not all appropriated funds are expended after the first round and make payments of \$1,500 to each eligible worker until the full amount of the appropriation is spent.

The bill allows DOR to contract with a third party to implement the payment processes required.

Data collected or created as part of this process is private data on individuals or nonpublic data under the Minnesota Government Data Practices Act, but can be shared with the DOR, DLI, DEED, and any third-party vendor to the extent needed to verify eligibility and administer payments.

Section 2, subdivision 7 of this bill requires employers in a frontline sector to provide notice, in a form approved by DLI, advising all workers who may be eligible for payments of the assistance available to them and how to apply for the payments. Notice must be at least as conspicuous as posting a copy of the notice at the worksite(s), or providing a paper or electronic copy of the notice to workers. DLI's enforcement authority under 177.27, subd. 7 can be used to enforce this notice requirement.

These payments are not considered income for purposes of Minnesota law. It is considered a subtraction and is not to be counted as income for purposes of determining eligibility for child care assistance, medical assistance, general assistance, food support, housing support, MFIP, or MinnesotaCare.

No later than 45 days following the end of the application period, the commissioners of DOR and DLI are required to report to the legislature on:

- The number of eligible frontline workers who applied, including the number in each sector and county, and the payment each worker received;
- The amount of an additional appropriation needed to have each worker receive \$1,500 (if workers receive less than \$1,500 in the first round); and
- Number of applicants denied and the reason for denial.

Agencies are exempt from state procurement laws and procedures in administering this program.

Section 2, subdivision 11 of the bill includes a one-time appropriation to the Department of Revenue of \$1,000,000,000 for payments. It also includes placeholder appropriations to the DOR and DLI to administer the frontline worker pay program and engage in multilingual outreach and education in addition to a grant for an unnamed entity to promote the availability of payments.

Assumptions

The frontline worker pay program will distribute 1 billion dollars to frontline workers who submit an application and are deemed eligible for frontline worker pay based on the eligibility criteria established.

DLI will develop an application process that frontline workers will use to apply for frontline worker pay. This process will include contracting with a third-party vendor to design and develop an online application, user portal, and call center configuration and a vendor to supply call center staff for applicant support. Based on MNIT cost projections and experience, it is estimated that the design, configuration, and implementation of an internal and external IT portal, call center technology, and personnel to support frontline workers through the application process will cost an estimated \$1.9 million dollars.

Beginning immediately after bill passage, DLI expects that it will need four temporary staff: one senior project consultant (MAPE 14L) and three project support staff (MAPE 10L). The senior project consultant will manage vendors, multilingual outreach efforts, and public education about the availability of payments. The three project support staff will assist with day-to-day operations to ensure successful development and implementation of the program. These four temporary staff members will also process appeals from applicants whose applications were denied for final decision by the Commissioner. Finally, the four temporary staff members will wind down the program after successful distribution of the appropriated money to eligible frontline workers and develop the required report to the legislature.

Per Section 2, Subdivision 5, Paragraph (c), DLI understands the potential for reopening the application period until the full appropriation is expended. For cost estimating and to accommodate a potential subsequent application period and post-application period work, DLI assumes each of the four temporary staff hired will be employed for one year.

In addition to working with a vendor to design and develop the IT solution for the application and user portal, DLI must assist applicants with submitting applications. This assistance must include establishing a multilingual temporary help line for applicants and multilingual applications and instructions. DLI anticipates it will need \$100,000 for costs associated with outreach and education for potential eligible frontline workers and translation of materials for multilingual outreach and education as required by the bill. This outreach and education will include work with employers, community-based organizations, and worker advocacy groups throughout the state of Minnesota. It will also include print, radio, and internet advertisements.

DLI assumes that the Minnesota Department of Revenue will distribute or coordinate with a third-party vendor for distribution of payments to eligible frontline workers.

Section 2, subdivision 7, paragraph (c) provides DLI with enforcement authority, per MS 177.27 Subd. 7, for noncompliance with the worker notice requirement and the ability to assess civil penalties. Pursuant to the penalty authority, only employers who are found to have repeatedly or willfully violated this requirement would be subject to penalties. With the planned outreach and education to employers, as well as internal compliance efforts through the agency's Labor Standards division, DLI assumes that employers who are not in compliance will voluntarily come into compliance and no monetary penalty revenues will be collected related to this bill.

For the purposes of estimating costs for this fiscal note, DLI assumes this bill will become effective June 1, 2022.

Expenditure and/or Revenue Formula

Management Analyst 3 - MAPE 10L	2022	2023	2024	2025
FTE	0.25	2.75	0	0
Salary per FTE (midpoint)	63,141	64,728	-	-
Fringe Benefits (35% of Salary)	22,099	22,655	-	-
Indirect (22.5% of Salary/Fringe)	19,179	19,661	-	-
Salary / Fringe / Indirect	26,105	294,372	-	-
Non-Personnel Services	1,016	8,507	-	-
Cumulative Cost	27,121	302,879	-	-

Project Consultant Sr. - MAPE 14L	2022	2023	2024	2025
FTE	0.08	0.92	0	0
Salary per FTE (Top Range)	86,923	89,095	-	-
Fringe Benefits (35% of Salary)	30,423	31,183	-	-
Indirect (22.50% of Salary/Fringe)	26,403	27,063	-	-
Salary / Fringe / Indirect	11,500	135,553	-	-

Non-Personnel Services	561	2,386	-	-
Cumulative Cost	12,061	137,939	-	-

Cumulative Expenditures	2022	2023	2024	2025
Management Analysts (3 FTE)	27,121	302,879	-	-
Project Consultant Sr (1 FTE)	12,061	137,939	-	-
Outreach/Education	-	100,000	-	-
MNIT/IT	-	1,900,000	-	-
Cumulative Expenditures	39,183	2,440,817	-	-

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Nicole Blissenbach 651-284-5005

Agency Fiscal Note Coordinator Signature: Jacob Gaub

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HF2900 - 0 - Frontline Worker Payments

Chief Author: **Cedrick Frazier**
 Committee: **Workforce and Business Development Finance and Policy**
 Date Completed: **2/17/2022 8:36:35 PM**
 Agency: **Employment and Economic Dvlpmnt**

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

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	.04	-	-	-
Total	-	.04	-	-	-

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: Darren Sheets **Date:** 2/17/2022 8:34:24 PM
Phone: 651-297-1423 **Email:** darren.sheets@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	8	-	-	-	-
Absorbed Costs	-	(8)	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

With respect to DEED, HF 2900 primarily requires using Unemployment Insurance data held by DEED to verify eligibility for Frontline Worker pay.

Assumptions

DEED's primary role in the administration of frontline worker payment is verification of eligibility requirement through data presumably held by the unemployment insurance program. The estimate of the cost of this verification will be determined by the availability of suitable data and the definitions established surrounding the verification requirements. The cost estimate for this work below is relatively low but assumes items described below are accepted/resolved.

Generally

- It must be noted that the Federal UI grant prohibits the use of UI administrative funding for activities outside of UI program administration. Any costs associated with the verification of eligibility of frontline worker payments must be funded by sources outside of the UI administrative grant.
- It is assumed that DEED will not be required to collect new or additional data that it does not already collect aside from the information provided by DLI.
- It is assumed that DEED will not play a role in any appeal processes that DLI might implement.
- It is assumed that, where data do not exist for instance if no wage record is available for a given applicant that DLI will rely on self-attestation.
- It is assumed that DEED will not be required to conduct any audits of UI applicants or UI employers as part of verification.
- It is assumed that neither DLI nor DOR will refer individual applicants or employers to the UI program to resolve perceived individual concerns with eligibility elements, but rather those matters will be handled by DLI.
- It is assumed that the Department of Labor and Industry (DLI) will provide an electronic list of applicants who applied for the Frontline Worker Payment and that that list will include the workers' SSN, full name and birthdate in so that each applicant's information can be verified against Unemployment Insurance records.
-

It is assumed that the electronic list provided by DLI will have separate fields for each data element. SSN will be provided as a number, first name, last name and middle initial (if provided) will be in separated fields and birthdate stored as a date. ·

- It is assumed that the requirement of Sec 2., Subdivision 3, (1) is established via self-attestation as DEED has no data that is suitable to verify the hours worked

DEED sees the following as technical defects of the bill. DEED would require further detail to make accurate assumptions. Sec. 2, Subdivision 3, (4) includes defined terms that do not comport with UI law and data available in the UI system so that verification can be performed. Specifically:

“Collected unemployment insurance benefits.” It is not clear if this term includes amounts that were subsequently held overpaid. It is not clear that this term includes amounts that were used to offset an overpayment. It is not clear that this term includes benefits paid by another state.

“20 weeks.” It is not clear if this term includes the non-payable week. It is not clear if this term includes a payment that is less than the full weekly benefit amount. It is not clear that this term includes a payment that occurred in the period specified but was for a week that occurred prior to the period. It is not clear that this term might include a payment that occurred while the applicant was living in another state. It is not clear if 20 weeks is the equivalent of 20 times the applicant’s weekly benefit amount or 20 actual weeks for which a payment is made even if that payment was \$1.

In the event that not all funds are expended in one round, DEED will coordinate with DLI in administering a second round.

Expenditure and/or Revenue Formula

Presuming the assumptions above, the time required to perform the limited verification work can be kept minimal.

- Based on the assumptions above and similar work DEED has done, DEED estimates roughly 50 hours of total staff time to perform this work.
- This work will need to be performed by a senior analyst at a “fully-loaded” hourly cost of \$75.26 per hour.
- The cost for performing this work will be \$7,526 (100 x \$75.26).

The FTE will be an absorbed cost.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Evan Rowe - 651-259-7230

Agency Fiscal Note Coordinator Signature: Deven Bowdry

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HF2900 - 0 - Frontline Worker Payments

Chief Author: **Cedrick Frazier**
 Committee: **Workforce and Business Development Finance and Policy**
 Date Completed: **2/17/2022 8:36:35 PM**
 Agency: **Revenue Dept**

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

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Dollars in Thousands					
General Fund	-	1,000,000	1,992	-	-
Total	-	1,000,000	1,992	-	-
Biennial Total			1,001,992		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	6.68	-	-
Total	-	-	6.68	-	-

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: Joel Enders **Date:** 2/17/2022 10:46:16 AM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

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Biennial Total			1,001,992		-
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Total	-	1,000,000	1,992	-	-
Biennial Total			1,001,992		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

The purpose of this bill is to provide payments to frontline workers whose work put them at a risk of contracting COVID-19 during the peacetime emergency declared by the Governor beginning on March 15, 2020 and ending on June 30, 2021.

Section 1 of the bill details that payments to frontline workers have a public purpose and benefit the people of Minnesota by responding to the extraordinary circumstances of the COVID-19 pandemic and compensating workers for working conditions that exceeded what was contemplated in their employment agreement to ensure that the state was able to continue functioning.

Section 2 of the bill establishes a frontline worker pay program with payments to be made by the Department of Revenue (DOR) in coordination with the Department of Labor and Industry (DLI) and the Minnesota Department of Employment and Economic Development (DEED).

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- Public health, social service, and regulatory service;
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- Child care;
- Public schools, including charter schools, state schools, and higher education;
- Food service, including production, processing, preparation, sale and delivery;
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- Building services, including maintenance, janitorial, and security;

- Public transit;
- Ground and air transportation services;
- Manufacturing; and
- Vocational rehabilitation.

A frontline worker is eligible to receive a payment if the individual:

- Worked at least 120 hours in Minnesota in a frontline sector during the peacetime emergency, March 15, 2020 through June 30, 2021,
- Was not able to telework due to the nature of the work and worked in close proximity to individuals outside the individual's household,
- Has an adjusted gross annual income for tax years 2020 or 2021 less than:
 - o 250,000 for married taxpayers filing joint return, and \$150,000 for all other filers (those who worked in an occupation with direct COVID-19 patient care responsibilities), or
 - o \$185,000 for married taxpayers filing joint returns, and \$85,000 for all other files.
- Did not collect unemployment insurance benefits for more than 20 weeks beginning March 15, 2020, and ending June 30, 2021.
- Completes an application and submits it to the Minnesota Department of Labor & Industry certifying that the individual meets the eligibility requirements.

Section 2, subdivision 4 of the bill requires DLI to establish a process for accepting applications from frontline workers. Once the application period is open, the bill establishes a 45-day application period.

DLI must assist applicants with submitting applications. This assistance must include establishing a multilingual temporary help line for applicants and multilingual applications and instructions.

To the extent possible, applicant eligibility for payment must be verified by DOR, DEED, and DLI. If the information necessary to verify an applicant's eligibility is lacking, the bill requires DLI to accept the applicant's self-certification of eligibility in the absence of contrary information.

The bill requires DLI to provide an appeals process for applicants who received a denial of eligibility. The appeal must be made to DLI within 15 days of the notice of denial. DLI's decision on appeal is final.

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After the 45-day application period, DOR must determine the payment amount for each eligible frontline worker based on the available appropriation and the number of eligible applicants. The payment amount must be the same for each eligible frontline worker, and must not exceed \$1,500. As soon as practicable, DOR must distribute the payments to the eligible frontline worker applicants.

DLI will reopen application period if not all appropriated funds are expended after the first round and make payments of \$1,500 to each eligible worker until the full amount of the appropriation is spent.

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or electronic copy of the notice to workers. DLI's enforcement authority under 177.27, subd. 7 can be used to enforce this notice requirement.

These payments are not considered income for purposes of Minnesota law. It is considered a subtraction and is not to be counted as income for purposes of determining eligibility for child care assistance, medical assistance, generally assistance, food support, housing support, MFIP, or MinnesotaCare.

No later than 45-days following the end of the application period, the commissioners of DOR and DLI are required to report to the legislature on:

- The number of eligible frontline workers who applied, including the number in each sector and county, and the payment each worker received;
- The amount of an additional appropriation needed to have each worker receive \$1,500 (if workers receive less than \$1500 in the first round); and
- Number of applicants denied and the reason for denial.

Agencies are exempt from state procurement laws and procedures in administering this program.

Section 2, subdivision 11 of the bill includes a one-time appropriation to the Department of Revenue of \$1,000,000,000 for payments. It also includes placeholder appropriations to the DOR and DLI to administer the frontline worker pay program and engage in multilingual outreach and education in addition to a grant for an unnamed entity to promote the availability of payments.

Assumptions

DOR assumes 667,000 individuals will be eligible for the frontline worker payments, as determined by DEED.

DOR assumes a third party vendor will send all payments and necessary 1099 information. Based on other agency contracts, we know a third party charges \$2.75 per gift card. However, we recently learned the amount for a debit card will be less than a gift card. We are assuming the third party will be issuing 1099's, a debit card and support to the frontline worker. We estimated around \$2.00 per card for the card and 1099 for a total cost of \$1,334,000.

However, this number will likely change as we continue to explore 3rd party vendors.

While this estimate shows the majority of costs occurring in fiscal year 2023, funds will need to be appropriated in fiscal year 2022 to be available upon enactment.

DOR will need to update the Integrated Tax System (GenTax) and other computer systems, which includes analysis, gathering requirements, and system testing. This work would be done by MNIT at DOR. Systems development costs are estimated at \$10,500 for the work needed to update Income Tax Form M1M for the new subtraction and would be done in FY23.

Additional MAPE Tax Operations and Individual Income Tax Division staff will be needed in FY22 for systems analysis and testing. The FTE Impact of this work is 0.02 FTE in FY23. This work includes creating the system functionality to receive the DLI file, verify eligibility, and submitting the information to the third party vendor.

DOR determines "Employee" and "Systems Analysis & Testing" costs by bargaining unit, using a formula that incorporates the average employee salaries, fringe benefits, and overhead at the agency. Costs for this fiscal note are determined for the MAPE and AFSCME bargaining units.

DOR assumes 6.52 AFSCME Individual Income Tax Division staff FTE's will be needed in FY23 for handling taxpayer assistance incoming phone calls as a result of this bill. This estimate is based on the data from calls received related to federal stimulus checks and other similar payments.

DOR assumes 0.12 MAPE Individual Income Tax Division staff, in conjunction with Communications staff, will create/update tax forms, instructions, and schedules to reflect the changes in this bill. Form M1M will be impacted as a result of this bill. Individual Income tax staff and Communications staff will also create/update web content, outreach

materials, and employee instructional and training materials to reflect the changes in this bill. This work will be done in FY23.

DOR assumes approximately 0.02 Communications MAPE FTE will be needed in FY23 to update form M1M, update the website, provide outreach, and provide review/edit support on the legislative report.

Expenditure and/or Revenue Formula

The bill will not impact state tax revenues.

\$1,000,000,000 appropriated for frontline worker payments + \$1,992,090 administrative costs = \$1,001,992,090 total costs.

Administrative Impact (in whole dollars)

Administrative Costs (Savings)	FY 2022	FY 2023	FY 2024	FY 2025
Vendor cost for debit cards and 1099's		1,334,000		
Employees		645,622		
Systems Analysis & Testing		1,968		
Systems Development		10,500		
Total Administrative Costs (Savings)		1,992,090		

Long-Term Fiscal Considerations

The bill does not have long-term fiscal considerations.

Local Fiscal Impact

The bill does not have local government impact.

References/Sources

Agency staff provided information for this fiscal note.

DLI and DEED staff provided information for this fiscal note.

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