

Governor Extends Stay-at-Home Order to May 4

On Wednesday Governor Walz announced that the Stay at Home order will be extended until May 4th. This will require the order that affected bars, restaurants, and other establishments to be amended so it has the same expiration date. The Governor warned that although we have seen successes as a result of social distancing efforts, the situation can change quickly, and that the number one goal is to buy more time to build hospital and testing capacity. Click [HERE](#) to view Executive Order 20-33. Click [HERE](#) for a list of sectors currently exempt from the Stay at Home order. This list may be amended as industries are added or removed.

Governor Walz walked through the estimated need in terms of ICU beds and medical equipment and how the state planned to meet those needs. Both the Governor and MDH Commissioner Malcolm expressed optimism that the recent FDA approval of a serologic test for the virus can increase Minnesota's testing capacity but there are challenges to acquiring necessary supplies given the federal government's ability to push states back in the purchasing queue. The state's [COVID-19 website](#) continues to be updated to show the current situation.

Governor Walz stated that the federal request for a disaster declaration was approved, which will free up additional federal dollars for Minnesota. Highlights of the Governor's daily briefings for previous days this week are listed below.

Monday:

The Governor announced a new grant program for Minnesota Veterans impacted by COVID-19. Veterans can apply for up to \$1,000 in disaster relief grants and up to \$3,000 in special need grants. \$6.2 million has been made available. The administration also launched a discrimination hotline in response to an increase in reports of discriminatory or racist incidents. The Governor also issued two new executive orders. [Executive Order 20-28](#) authorizes out of state mental health providers to treat Minnesotans via telehealth. [Executive Order 20-29](#) makes administrative changes to the unemployment insurance program to help the Department of Employment and Economic Development (DEED) deal with the wave of applications they have received. (See separate article below for additional information).

Tuesday:

The Governor began his Tuesday briefing by praising the Legislature for the first responder workers' compensation bill. At this stage there is still no agreement on the funding mechanism for the bill, which is expected to have serious impacts on the system's fiscal stability. Governor Walz is deploying the National Guard to Oslo, MN in Marshall County as the community grapples with spring flooding.

Governor Walz suggested the possibility of changes to election procedures when the Legislature convenes on April 14. Current proposals include moving to a primarily mail-based balloting system and allowing the Secretary of State increased authority to close, open, or relocate polling places during a peacetime emergency.

Legislature Passes First Responders Workers Compensation Legislation

On Tuesday, the House and Senate passed legislation, HF 4537, that provides a presumption for COVID-19 workers' compensation claims for public health and safety employees. The bill does not provide a funding source for these costs. The bill has now been signed into law by Governor Walz. See here for a link to a summary of the bill:

Metro Cities has been working with the League of MN Cities (LMC) to support a separate state fund to address costs for first responders resulting from the COVID-19 pandemic. The LMC has asked that a working group consisting of labor, business, self-insured entities and local government, be appointed to address a funding source to address these costs. Metro Cities supports the creation of a work group.

Metro Cities has expressed support for a state fund to the Governor and legislators and would ask that you contact your local legislators and the office of Governor Walz to express support for a state fund to address these costs for first responders. The work of first responders in response to this crisis is vital, and the workers compensation system is not equipped to cover the expected scope of these costs. A separate funding source to address these costs is critical to avoid severe financial implications and instability in the workers' compensation system.

Senate Working Group Discusses State Budget and Economic Trends

The Senate COVID-19 Working Group on Monday heard from several testifiers, including the Office of MN Management and Budget (MMB), non-partisan Senate fiscal staff, and staff from the National Conference of State Legislatures on immediate and long term budgetary effects of the coronavirus. The working group also heard about the process for distributing federal funds from the CARES Act among U.S. states and territories as well as a brief breakdown of how the funds can be spent and heard information on action taken by other states in response to the pandemic.

State Budget Outlook

Minnesota Management and Budget Commissioner Myron Frans gave an overview of the state budget and said a new quarterly revenue and economic report will be released April 10. Out of the COVID-19 funds that were recently appropriated by the Legislature, there have been 11 requests sent to the committee tasked with overseeing expenditures exceeding \$1 million, with requests totaling almost \$69 million.

The Commissioner said Minnesota is set to receive \$2.1 billion in federal funds, with \$1.2 billion to the state and the remainder to local governments that are 500,000 or more in population (the only two MN jurisdictions qualifying are Hennepin County and Ramsey County). The state is still looking for guidance on what that federal money can be spent on. (See below for more information on the Federal Coronavirus Relief Fund).

Projections and Trends at the National and State Level

Minnesota's State Economist Dr. Kalambokidis provided information on how the current crisis will affect the national and state economy. At the national level, positive growth is expected to pick up beginning in 2021. Minnesota's situation is difficult to predict given the current lack of necessary data. Much of the usual data informing the state's economic analysis is driven by tax receipt and filing and payment delays will affect these numbers. For income tax payment extensions, the state will not have data until August 10. Another challenge to the current economic analysis is the difficulty in parsing out the revenue effects caused by filing or payment delays versus those caused by the broader economic downturn (layoffs, lower levels of consumer spending, etc.).

Members asked about when an updated forecast would be available and state officials noted that they want to ensure they have adequate data to inform a new forecast. Several members discussed the importance of getting certain industries shuttered because of the stay at home order back to work. There was also discussion on possible freezes and other changes to the state budget.

Breakdown of Federal Coronavirus Relief Fund

Senate Lead Fiscal Analyst Eric Nauman provided the group with a summary of the federal funds and walked through calculations determining Minnesota's funding amount. The CARES Act was written so that no state would receive less than \$1.25 billion. The state receives the amount allocated to Minnesota after the amount going directly to our local governments over 500,000 in population is taken out. Most discussion on the federal funds revolved around how the money can be spent. According to the law eligible expenditures:

- Must be necessary and incurred due to COVID-19
- Cannot have been previously budgeted as of March 27
- Must be incurred between March 1, 2020 and December 30, 2020
- They cannot be used to directly account for revenue shortfalls caused by COVID-19

Metro Cities will continue to provide guidance on how to apply for and spend federal funds as more information becomes available.

MN in Comparison to Other States

The National Conference of State Legislatures (NCSL) provided information on how other states have reacted to this crisis. So far, 19 other states have enacted supplemental appropriation bills and seven states have dipped into their rainy-day funds (with 3 other states on their way to do so through pending legislation). Echoing Dr. Kalambokidis, they explained that revenue estimates were proving difficult across the country, citing filing extensions as one contributing factor. Some states have implemented spending freezes and others have had to borrow from banks in order to brace for COVID-19 related challenges. NCSL has been asking states what their biggest costs will be; responses include medical equipment, unemployment insurance, small business assistance, and losses in pension funds. They reiterated a few of the criteria on what federal funds can be spent on and added that paperwork and documentation will be key to guaranteeing reimbursement.

NCSL staff also discussed a potential fourth federal stimulus package and said that they are actively reaching out to Congress. Metro Cities will provide updates on any future federal stimulus packages.

Unemployment Insurance Benefit Updates

Governor Issues Updated Unemployment Insurance Executive Order

A new executive order related to unemployment insurance (UI) was issued by Governor Walz on April 6. [Executive Order 20-29](#) expedites state unemployment insurance benefits during the COVID-19 peacetime emergency. The order makes two changes. First, it suspends a requirement in state statute that delays UI benefits for any week an applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off (PTO) pay. Previously, DEED was required to delay benefits for applicants who are taking vacation, sick pay or personal time off when they apply for UI. Second, it directs employers to notify separated employees that they can apply for unemployment insurance benefits. As the order explains, implementing such a mandate qualifies Minnesota for an infusion of federal funds to the unemployment insurance fund under the Families First Coronavirus Response Act.

Additional \$600 UI from Federal Government Now Being Issued

DEED announced April 8 that additional UI benefits from the federal government are now being paid through the state unemployment program. Minnesotans receiving state unemployment benefits will also automatically receive an additional \$600 for every week they remain eligible. The first week for which someone can get the additional \$600 is the week beginning March 29.

The state is awaiting federal guidance on two other parts of the CARES Act, signed into law March 27. Those include the 13-week unemployment benefit extension, and a new benefit program for some independent contractors and self-employed people who are unemployed as a result of COVID-19 and who are NOT eligible for regular unemployment benefits.

Cities that have residents with questions are being directed to uimn.org for answers to many questions. A phone line is also available to Minnesotans with specific questions on their account, who need help applying for UI benefits, or who need help with their password. That number is 651-296-3644.

MPCA Update and Regulatory Flexibility Portal

The MN Pollution Control Agency (MPCA) conducted a conference call with city organizations this week to discuss areas where regulation may be relaxed during the COVID-19 pandemic. MPCA reported that most of the work the MPCA does will continue. On site file reviews, routine on-site inspections and some large data requests are not being conducted due to social distancing. Regulated entities, including cities, can use a portal on the MPCA website to ask for regulatory flexibility during the COVID-19 emergency. For more information on regulatory flexibility requests from MPCA, click [here](#).

MPCA also reminded those on the call that wastewater licenses will be extended to one year after trainings resume to get recertified. The MPCA is looking at other licenses and certifications that may also have their recertification deadlines extended as well. A decision on whether to pause the Water Fee rule making process has not been made yet.

Transportation Issues Discussed in House and Senate

The House Transportation Committee and Senate COVID-19 working group met on Wednesday, to discuss transportation issues and proposals in response to COVID-19. The Senate COVID-19 Working Group discussed a proposal related to commercial drivers' licenses and federal funding and heard from state and regional officials regarding operational updates. The House Transportation Committee held a hearing on [HF 1447-Tabke](#), a bill to make changes related to commercial drivers licensing and reporting and is similar to the legislative language discussed by the Senate Working Group.

The Senate Working Group discussed proposed legislation related to commercial drivers' licenses and transit. The legislation would extend commercial drivers' license expirations, issue medical waivers related to commercial licenses, allow the Public Safety Commissioner to modify the process to issue a commercial license to allow for social distancing while a health emergency is in effect, extends commercial vehicle registrations until two months after a health emergency, and requires reports from DPS, Metropolitan Council and MnDOT on emergency powers used during the emergency. The amendment will include provisions related to the allowable use of federal transit funding received by the Metropolitan Council and MnDOT and will delay a transit finance report from the Council to the Legislature.

A state waiver for weight restrictions is not included in this legislation. There was concern from many that lifting weight restrictions in spring would cause damage to roads. Emergency powers for the Metropolitan Council related to transit is not included in the Senate proposal. This bill will likely be heard on April 14th.

MnDOT reported that they are moving forward with construction projects. Metropolitan Council and MVTA officials discussed changes to service as demand has fallen dramatically. Transit agencies have also taken steps to clean buses more frequently and to modify boarding.

DPS officials said that deputy registrars are considered an essential service and over 80 registrar offices have opened on a limited capacity for licenses related to essential service industries. No face to face transactions are allowed and the work being done is predominantly online.

The House Transportation Committee adopted their version of the [DE 6 amendment](#) to HF 1447. The amendment includes an extension to an already adopted extension of license expirations to out of state commercial driver licenses for those that have become MN residents to conform with a federal waiver extension, issues medical waivers related to commercial licenses to conform with federal changes, allows the Public Safety Commissioner to modify the process to issue a CDL to allow for social distancing while a health emergency is in effect, extends commercial vehicle registrations until two months after a health emergency, and requires reports from Metropolitan Council and MnDOT on emergency powers these agencies used during a public health emergency. The amended bill includes a transit finance report from the Met Council to the Legislature from October 15th, 2020 to February 15th, 2021. The Metropolitan Council testified in support of this provision.

The bill also includes two provisions related to the allowable use of federal transit funding from the CARES Act received by the Metropolitan Council and MnDOT. These uses include but are not limited to the purchase of protection equipment for transit operators, cleaning materials, safety training for operators, and frequent cleaning of transit vehicles. In addition, the Metropolitan Council and MnDOT must report these expenditures to the Legislature by February 15, 2021. The Council reported that it will receive \$214 million and suburban transit providers will receive \$12 million from the CARES Act.

Some members expressed concern that the registration extension may negatively affect deputy registrar offices and that their financial viability must be taken into account.

This bill may shift costs of approximately \$10 million from FY 2020 to 2021. The bill will be heard in the House on April 14th. The HF 1447 as amended was passed to the Ways and Means Committee.

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Metro Cities (Association of Metropolitan Municipalities)
145 University Ave W, St. Paul, MN 55103-2044
Phone 651-215-4000 · Fax 651-281-1299 · www.MetroCitiesMN.org