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CITY OF SAINT PAUL

Federal Funding Impacts



Grant teams at the City

- OFS – Grants Division
 - Established in 2024
 - Works with departments on technical assistance and grant support
 - Assists with strategy development and citywide grants data
- Department grants staff
 - Varies by department based on needs and resources
 - Submit applications and manage grants
 - First point of contact for federal grants



What we've seen so far

- Unpredictability and uncertainty
- Shifting landscape, sometime within the same day
- Quick speed of executive orders vs. slowed response at the agency level
- Testing strategies to see what works



OMB Funding Freeze

- January 27 – OMB issues memo freezing all federal financial assistance to assess compliance with new Executive Orders
- January 28 – Federal judge orders an administrative stay for one week
- January 29 – OMB rescinds the memo
- February 3 – Federal judge issues a temporary restraining order on reinstating the order under different pretenses
- February 25 – Federal judge issues a preliminary injunction against freezing funds, suit brought by the National Council of Nonprofits
- March 6 – Federal judge issues a preliminary injunction against freezing funds, suit brought by 23 state Attorneys General, including Minnesota



Inflation Reduction Act & Infrastructure Investment and Jobs Act funding freeze

- January 20 – Executive Order *Unleashing American Energy* pauses disbursement of funds and activities funding through the IRA and IIJA
- January 27 – City receives notification from DOE to stop all activities related to DEI, Justice40, and Community Benefit Plans and we will be asked to modify our workplans to remove those activities
- March 13 – Federal agencies are sued over the IRA/IIJA funding freeze
- March 14 – City receives notification that DOE is rescinding previous communication about ending DEI and Justice40 activities and to continue with projects



Executive Orders overview – funding related

- Requires federal grants and contracts to certify compliance with anti-discrimination laws
- Directs agencies to terminate all DEI programs including equity-related grants
- Directs DOJ to identify contracts and grants with organizations that support or provide services to "removeable or illegal aliens"
- Directs a review of FEMA
- Requires agencies to make future funding decisions aligned with "interests of the United States and with the goals and priorities of the Administration"
- Eliminates as much as statutorily possible: Institute of Museum and Library Services, US Interagency Council on Homelessness, Community Development Financial Institutions Fund, and Minority Business Development Agency (among others)



Immigration-related funding issues

- January 20 - Executive Order *Protecting the American People from Invasion* directs DHS and DOJ to withhold federal funds from state and local jurisdictions that do not cooperate with federal immigration enforcement
- February 5 - Attorney General issues memo requiring any jurisdiction that applies for certain DOJ grants to comply with participation in federal immigration enforcement, also establishes a Sanctuary Cities Enforcement Work Group to identify state and local laws, policies, or practices that violate federal immigration laws.
- February 26 - City of Saint Paul joins City of San Francisco lawsuit suing the Trump administration on withholding of federal funds



Department of Government Efficiency Executive Order

- Requires agencies to build a database of all grant and contract payments (within 30 days)
- Requires a written justification for each payment to be posted publicly
- Requires ability to pause and rapidly review each payment
- Requires review of all existing covered contracts and grants for termination or modification to promote efficiency and advance Presidential priorities
- Requires new guidance for new or modified contracts



Miscellaneous funding impacts

- Department of Transportation
 - Revisiting calculations of greenhouse gas emissions and "social cost of carbon"
 - Priorities communities with marriage and birth rates higher than the national average
 - Prohibits recipients from imposing vaccine or mask mandates
 - Ordered review of partially obligated grants to remove bike infrastructure activities and require compliance with EOs
- National Institutes of Health
 - Tried to cap the allowable indirect rate at 15%, later rescinded
 - Indirect rates fund core administrative functions – this would defund internal infrastructure



High profile loss of funding nationally

- Columbia University – \$400 million in grants and contracts cancelled from DOJ, HHS, Dept of Ed, and General Services Administration
- Johns Hopkins University - \$800 million in grants and contracts cancelled, mostly from USAID
- UPenn - \$175 million in grants and contracts cancelled, from undetermined
- Greenhouse Gas Reduction Fund - \$20 billion in grants cancelled, intended for climate and clean energy projects
- Local Food for Schools and Child Care/Local Food Purchase Assistance - \$660 million cancelled, intended for schools and food banks to buy from local farms



Saint Paul's federal grants

- \$259.1 million in receivable federal funding
 - \$192.2 million in grants actively under contract
 - \$139.4 million in one-time, project-based grants
 - \$52.7 million in ongoing operational support
 - \$66.8 million in grants awarded but currently in the negotiation/pre-award phase
- \$66.4 million in pending grant proposals



Saint Paul's federal grant impact

- A combined \$7.3 million in nearly completed construction for Como Park Zoo & Conservatory geothermal upgrades and the North End Community Center;
- With state funding, funds the 10-year plan to replace 26,000 lead service lines to residential homes;
- Supports 28,400 high school intern hours with the city's year-round Right Track program;
- New forestry youth job program will fund approximately 1,800 trees scheduled to be planted, and 1,100 stumps planned for removal over five years;
- \$3 million annually in redevelopment grants for new affordable housing and business and economic development;
- Supports emergency response and public safety training programs and personnel;
- Supports personnel and resources for unsheltered work;
- And much more.



Risk mitigation and next steps

- Working closely with City Attorney's Office to review and understand Executive Orders, memos from federal agencies, and ongoing litigation;
- Working with departments to maintain strong compliance, reimbursement, and documentation practices;
- Continuing to plan for open and pending Notice of Funding Opportunity submissions;
- Preparing contingency plans for a range of situations;
- Exploring non-federal grant opportunities and alternative funding sources for current and future projects.