

State Programs That Support Minnesotans on the Basis of Racial, Ethnic, or American Indian Identity

Update to 2023 Evaluation Report

February 2024

Problems Identified

- **Incomplete RFP Templates.** Requests for proposal (RFP) templates from the Department of Human Services (DHS) and the Minnesota Housing Finance Agency (MHFA) incorporated state-mandated elements related to diversity. However, both were missing other essential elements recommended by the Office of Grants Management.
- **Partner Organization Errors.** The Department of Employment and Economic Development's (DEED's) Main Street COVID-19 Relief Grants program awarded more than \$15 million to "minority business enterprises." DEED used 17 community foundations and certified lenders (known as "partner organizations") to determine applicant eligibility for grant funding. Partner organizations did not consistently apply eligibility criteria or collect sufficient documentation from applicants, which resulted in some applicants being erroneously determined eligible for the program.
- **Inadequate Grant Award Documentation.** In 2018, DHS awarded Cultural and Ethnic Minority Infrastructure Grants to 22 applicants. DHS did not adequately document all aspects of its grantee-selection process, including the reason that certain applicants were denied funding despite having what appeared to be sufficiently high scores.

Changes Implemented

- **Revised RFPs.** MHFA created a new RFP template, which includes all of the essential elements from the Office of Grants Management policy. DHS also revised its RFP template, which now includes all but one of the essential elements.

Actions Needed

- **Increased Oversight for Partner Organizations.** DEED is developing criteria and processes for the upcoming PROMISE grant program, which will support businesses in communities that have been adversely affected by structural racial discrimination or civil unrest, among other things. Partner organizations will help administer the program, and DEED intends to develop procedures for spot checking determinations and providing additional support to partners that show a pattern of inconsistent determinations.
- **Policy for Documenting Grant Award Decisions.** DHS is implementing a centralized contracts management system, which will help it maintain some documentation related to the grantee review process. However, DHS has not yet developed policies or guidelines related to documenting its justification for specific applicant-level award decisions.