



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

The agencies we reviewed administered more than 30 programs meant to support Minnesotans on the basis of racial, ethnic, or American Indian identity, though most are meant to support other communities as well.

Report Summary

Programs and Grantees

At DEED, DHS, MHFA, and MPCA, we identified 33 programs in operation at some point from fiscal years 2013 through 2022 that were meant to support Minnesotans on the basis of racial, ethnic, or American Indian identity. The vast majority of these were grant programs.

- DEED and DHS had the greatest number of relevant programs, with 19 and 10 programs, respectively. (p. 12)
- Nearly three-quarters of the relevant programs we identified were meant to support other communities in addition to those discussed in this report, such as businesses that are “minority-owned, woman-owned, or veteran-owned.” (p. 14)
- Among the agencies we reviewed, DEED awarded the greatest amount of *grant funding* through relevant programs in Fiscal Year 2022. (p. 17)

Agency Approaches to Support Diverse Communities

In addition to specific programs intended to support Minnesotans on the basis of racial, ethnic, or American Indian identity, state agencies have taken additional actions to support diverse communities.

- The four agencies we reviewed incorporated support for diverse communities into their agencywide efforts and strategic planning. (p. 24)
- The request for proposal (RFP) templates from the four agencies we reviewed incorporated diversity-related elements; however, the templates varied in the degree to which they included other RFP standards established by the Office of Grants Management (OGM). (p. 28)

Recommendation ► DHS and MHFA should create RFP templates that include the essential elements in OGM policy. (p. 29)

Background

Minnesotans who identify as Latino, American Indian or Alaska Native, Asian or Pacific Islander, or Black comprise an increasing share of the state’s overall population.

In Minnesota, disparities exist among demographic groups in terms of income, employment, homeownership, rates of health insurance coverage, and other areas.

The Legislature, and at times state agencies, have created various programs (which we call “relevant programs”) intended to reduce disparities or otherwise support diverse communities.

We focused on programs intended to support Minnesotans on the basis of racial, ethnic, or American Indian identity at four state agencies:

- Department of Employment and Economic Development (DEED)
- Department of Human Services (DHS)
- Minnesota Housing Finance Agency (MHFA)
- Minnesota Pollution Control Agency (MPCA)

Program-Specific Approaches to Support Diverse Communities

We selected two programs to review in depth to examine how agencies administered grant funding for programs meant to support Minnesotans on the basis of racial, ethnic, or American Indian identity. We reviewed DEED’s Main Street COVID-19 Relief Grants and DHS’s Cultural and Ethnic Minority Infrastructure Grants (CEMIG).

- Despite being exempt from state policies for grant management, the Main Street program implemented some elements of OGM’s diversity-related grantmaking policies. (p. 34)
- Through the Main Street program, DEED awarded more than the minimum grant amount required to “minority business enterprises.” (p. 36)
- “Partner organizations” that helped administer the Main Street program did not consistently apply eligibility criteria or collect sufficient documentation from applicants, which resulted in some applicants being erroneously determined eligible for the program. (p. 37)

Recommendation ► If partner organizations determine program eligibility in future programs, DEED should spot check partner organizations’ determinations. (pp. 37-38)

- For the CEMIG program, DHS generally complied with state grantmaking policies related to supporting Minnesotans on the basis of racial, ethnic, or American Indian identity. (p. 40)
- DHS did not adequately document certain aspects of the grantee-selection process for the 2018 round of the CEMIG program. (p. 41)

Recommendation ► DHS should maintain complete documentation about its application review process and decisions for its competitive grant programs. (p. 42)

- DHS has not ensured adequate quarterly reporting from CEMIG grantees. Without these reports, the department cannot know whether it is supporting the communities the program is intended to serve. (p. 42)

Recommendation ► DHS should ensure that CEMIG recipients satisfy quarterly reporting requirements. (p. 43)

Summary of Agencies’ Responses

In a letter dated February 23, 2023, Kevin McKinnon, Deputy Commissioner of Employment and Economic Development, said that the department is “honored to work with such great community-based partners to implement” its work and that it appreciated OLA’s recommendations for improving future partnership-based programs.

In a letter dated February 21, 2023, Jodi Harpstead, Commissioner of Human Services, noted that the report “focused more on the technical aspects of grant issuance and not the impact” of the programs. Nonetheless, she said that DHS was working to implement all of the report’s recommendations.

In a letter dated February 21, 2023, Jennifer Ho, Commissioner of Housing Finance, explained that the agency recently met its strategic goal of having 40 percent of first-time homebuyer mortgages go to “Black, Indigenous and people of color.” She said that MHFA was “bringing this year’s RFP into full alignment with OGM’s standards,” as OLA recommended.

The Minnesota Pollution Control Agency declined to submit a response letter.