



Business Development Competitive Grant Pilot Program

Report to the Legislature
as required by Laws of Minnesota, 2011 Special Session, Chapter 4, Article 1, Section 3,
Subdivision 2 (i)

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**Business Development Competitive Grant Pilot Program
Minnesota Department of Employment and Economic Development**

Background

The Minnesota Legislature authorized the Business Development Competitive Grant Pilot program in 2011 Session Laws, Chapter 4, Article 1, Section 3, Subdivision 2(i). The Commissioner of Employment and Economic Development was required to develop and implement a competitive grant program to provide business development assistance and services. These types of business development assistance included, but were not limited to, business opportunities for minorities, women, rural, bioscience, entrepreneurs, and inventors.

Funding totaling \$1,096,000 was appropriated for the second year of the biennium, FY13, from two sources: \$757,000 from the general fund, and \$339,000 from the workforce development fund. The legislation also permitted DEED to retain five percent of these funds for administering and monitoring the grant program, making the amount available for grants equal to \$1,041,200.

Eligible Applicants

Funding has been made available to only not-for-profit organizations classified as 501 C (3). All funding decisions, including final amounts awarded, were made by the Commissioner of Employment and Economic Development. A review committee comprised of internal DEED staff and managers in the Business and Community Development Division, scored and ranked all proposals and provided recommendations to the Commissioner.

Application Review Timeline

Release of Request for Proposals (published in the Minnesota State Register, posted on DEED's website, provided to existing organization who have been previously funded)	Monday, February 13, 2012
Proposals due to DEED	Friday, March 9, 2012
Internal DEED review:	March 12 – March 30, 2012
Award notifications sent:	Monday, April 2, 2012
Complete execution of grant agreements to awarded projects:	Monday, June 11, 2012
Contract Start Date:	July 1, 2012

The RFP, outlined below, directed potential applicants to submit any questions following its release in writing via e-mail to a specified DEED staff contact person.

Application Narrative and Methods for Selecting the Grant Recipients

The submitted narratives included all sections covering the following information:

Project Description (40 points): Describe the proposed project, with a statement of need in the area of business development being served, the target population, the means of the service delivery, geographic scope, and the types of innovation represented in the proposed project.

Project Goals, Activities, and Timetables (30 Points): What are the activities that will be performed, the goals and measurable outcomes, and the timetable for completion?

Partnerships and Leverage (5 points): Describe the partnerships in place, both financial and programmatic, in pursuit of the success of the project. Letters of commitment and support were also provided.

Assessment and Evaluation (5 points): How would the project be clearly evaluated, relative to the measures described in the legislation?

Organizational Capacity and Relevant Experience (15 Points): What experience does the organization and their staff has in providing the services proposed in the project?

Budget (5 points): Concise budget were provided, with sources and uses of funds, and a narrative that describes all sources of assistance and resources.

In its examination of proposals, DEED reviewed the proposed activities, the funding requested, and the likelihood that the project outcomes can be achieved. Evidence and demonstration of past performance were seriously considered relative to the proposed work plan and requested funding.

All reviewers were required to maintain confidentiality during the review process (as per Minnesota Statute 13.599) and sign a conflict of interest disclosure form.

Methods and Procedures for Monitoring the Use of Grant Awards

Grant recipients were required to adhere to standard DEED policies regarding the use of funds and reporting of expenditures on the grant. Requests for financial disbursements are reviewed on a regular basis and approved by the DEED program manager. DEED also requires regular written reports on progress toward goals.

Each grant will be monitored on site by DEED during the grant period to ensure that the use of funds is consistent with the approved plan and contract and the intent of the Business Development Competitive Grant pilot program.

Methods for Measuring Outcomes and Accomplishments of Grant Recipients

In the course of managing the previous direct legislative appropriations, DEED has developed a data collection system which it will use to measure outcomes. It will be modified, as needed, to fulfill the new statutory requirements. These include new job creation, wages of jobs created, private leverage, number of new business created, and return on investment. All participant data and fiscal data will be reviewed by DEED on a monthly basis to assure that the grantee's expenditures and outcomes are on track to meet approved plans.

There will also be semiannual sessions with the selected grant recipients, as a group, to gain insight into how the process is working and possible improvements.

Mid-term grant reporting is scheduled for 4 March 2013 and year end reports are due on 1 August 2013. To allow future grantees to be able report earlier to the legislature the mid-term reporting date will be moved up to 1 December of each year.

Grants Awarded in FY2013

Organization	Award	Match Investment	Proposed Jobs Assisted	Businesses To Assist
Metropolitan Economic Development Association	\$169,500	\$ 877,108	60	295
Neighborhood Development Center	\$144,500	\$ 672,117	650	625
WomenVenture Inc.	\$168,800	\$ 168,800	125	540
South Central SBDC Mankato	\$125,000	\$ 238,000	324	240
Bio Business Alliance of MN	\$348,200	\$1,099,341	100	75
Minnesota Inventors Congress	\$ 35,200	\$ 35,200	750	750
North Central SBDC Brainerd	\$ 50,000	\$ 0	100	80
TOTAL	\$1,041,200	\$3,090,566	2,109	2,605

Department Expenditures Related to Administration and Monitoring of Grants

Costs incurred by DEED thus far reflect staff costs for time spent on meeting with existing grantee, the development of the RFP and review and selection process, and preparing this report. As of January 11, 2013, these administrative costs total approximately, \$20,000.

During FY13, DEED will fully use the allowable 5% of funds to administer and monitor the grants.