



# 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 permits 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 will be available only to not-for-profit organizations classified as 501(c)(3). All funding decisions, including final amounts awarded, will be 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, will score and rank all proposals and provide recommendations to the Commissioner.

### **Methodologies and Processes for Soliciting and Evaluating Grant Proposals**

In order to maintain communication with the existing organizations who have been receiving appropriations for FY12, DEED conducted an informational meeting on January 6, 2012. These included Metropolitan Economic Development Association, WomenVenture, Advocating Change Together, Minnesota Inventors Congress, South Central Small Business Development Center, BioBusiness Alliance of Minnesota, and the Rural Policy Center. These organizations are among the groups who may apply for funding from the Competitive Grant Pilot Program, but the funding will be open to any qualified organization who can provide the assistance and services stipulated in the legislation. (The meeting participants were also advised of the companion competitive grant programs which are being managed by DEED's Workforce Division, in the areas of Youth and Adult services. This is to ensure that they were aware of potential availability under those programs.) The participants at the meeting were not given

guidelines or an opportunity to comment on a draft, but they were apprised of the timeframe under which grant applications will be solicited and acted upon:

<b>Release of Request for Proposals:</b> <i>(published in the Minnesota State Register, posted on DEED's website, provided to existing organizations who have been previously funded)</i>	<b>Monday, February 6, 2012</b>
<b>Proposals due to DEED</b>	<b>Friday, March 2, 2012</b>
<b>Internal DEED review:</b>	<b>March 5 – March 23, 2012</b>
<b>Award notifications sent:</b>	<b>March 26, 2012</b>
<b>Complete execution of grant agreements to awarded projects:</b>	<b>May 18, 2012</b>
<b>Contract Start Date:</b>	<b>July 1, 2012</b>

The RFP, outlined below, will direct 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 narrative must address all sections and cover 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 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 should also be provided.

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

**Organizational Capacity and Relevant Experience (15 points):** What experience does the organization and its staff have in providing the services proposed for the project?

**Budget (5 points):** Provide a concise budget, with sources and uses of funds, and a narrative that describes all sources of assistance and resources.

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

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

### **Methods and Procedures for Monitoring the Use of Grant Awards**

Grant recipients will be required to adhere to standard DEED policies regarding the use of funds and reporting of expenditures on the grant. Requests for financial disbursement are reviewed on a regular basis and approved by the DEED program manager. DEED will also require 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 businesses 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 semi-annual sessions with the selected grant recipients, as a group, to gain insight into how the process is working and identify possible improvements.

### **Department Expenditures Related to the Administration and Monitoring of Grants**

Costs incurred by DEED thus far reflect staff costs for time spent on meeting with existing grantees, the development of the RFP and review and selection process, and preparing this report. As of January 10, 2012, these administrative costs total approximately \$437.58, as identified on the cover of this report.

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