



EMPLOYMENT AND
ECONOMIC DEVELOPMENT

Review of Workforce Development Programs and Competitive Grant Process Preliminary Report

House Workforce, Labor, and Economic Development Finance and Policy Committee
March 26, 2026



- Legislative background
- Workforce Development Division Competitive Grant Program Principles
- Overview of the Grant Lifecycle

Legislative Background

- Under Laws of Minnesota 2025 1st Special Session, Ch. 6, Art. 1, Sec. 2, Subd. 3 (jjj), DEED was mandated to conduct a comprehensive review of its workforce development grant programs and competitive grant processes, including how grants are announced, reviewed, awarded and administered, and how those processes impact how services are delivered.
- Legislation requires a preliminary report in 2026 and a final report in 2027.

Workforce Development Division Competitive Grant Program Principles

- Accountability and oversight
 - DEED has developed a financial oversight system for grants intended to protect public funds from waste, fraud, and abuse.
- Accessibility of information
 - DEED has simplified application materials, translated key documents, and expanded outreach efforts to remove barriers to application.
- Empowerment through community voice
 - DEED operates a robust community reviewer process to involve non-DEED folks in the review and recommendation process.

Overview of the Grant Lifecycle

- Competitive grant programs are passed into law.
- DEED develops guidelines, processes, and materials.
- RFPs are publicly announced, and the application period opens.
- DEED promotes the program and provides education to potential applicants.
- Application period closes, applications are reviewed, and awardees are recommended.
- Awards are announced and grant contracts are signed.
 - Unsuccessful applicants can seek feedback about their applications.
- Grantees implement their programs with monitoring and oversight from DEED staff.
- Grant closeout.

Risk Assessment and Conflict of Interest

- DEED follows the requirements for risk assessment as outlined in Minnesota Statutes 16B, as defined in Office of Grants Management (OGM) Policies, and further in DEED policies.
- DEED conducts pre-award risk assessments on grants of \$50,000 or more prior to entering into contracts.
- DEED follows OGM and internal policies on handling individual and organizational conflicts of interest.

- Reimbursements
 - Most grant payments are processed on a reimbursement basis.
 - As grantees incur expenses, they submit Reimbursement Payment Requests to DEED.
 - Requests for reimbursement must correspond to allowable costs.
- Advances
 - In rare instances, grantees may request advance payments.
 - Advance payments are based on the organization's financial hardship and cash flow needs.
 - Internal Audit recommends requests for approval or rejection.

Monitoring

- Monitoring ensures compliance with the grant contract and provides support to grantees.
- Monitoring and support extends throughout the duration of the grant.
- Fraud prevention measures include random audits, eligibility checks, and documentation reviews.
- DEED conducts a financial reconciliation of a project's expenditures at least once before final payment is made.
- When DEED identifies an organization as "high risk," a monitoring visit is conducted within the first two quarters of a grant agreement.

Grant Closeout

- At the end of the grant period:
 - Grantees submit final reports and financial documentation
 - DEED verifies that all funds were used appropriately
 - The grant is formally closed in the state's financial system.
- DEED conducts post-award debriefs and gathers feedback to improve future processes.

Community Collaboration

- The Workforce Development Division regularly engages workforce development organizations and community members for feedback on programs and processes.
- DEED conducted a series of listening sessions from 2023-25 that revealed several insights including:
 - Requests to simplify RFP language
 - Feedback on administrative processes (e.g. contracting, onboarding, etc.)
 - Need for additional technical assistance
 - Desire for additional outreach to Greater Minnesota and non-English speaking communities

To support the comprehensive review of Workforce Development Division competitive grant programs, a robust engagement process is being implemented. Engagement efforts will work to ensure representation across workforce development sector, geographic and demographic groups. The findings will be included in the final report.

Key Questions

- What are the barriers in applicants learning about grant opportunities?
- What are the difficulties with applications?
- Can the grant administration process reduce burdens on grantees while maintaining necessary oversight?
- How can DEED better support organizations with limited capacity?

Questions?