MN PROMISE ACT GRANT PROGRAM

ADMINISTERED BY NEIGHBORHOOD DEVELOPMENT CENTER

OVERSEEN BY THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT (DEED)
MARCH 4TH, 2026

MN PROMISE ACT

The PROMISE Act was passed in 2023 under the leadership of Senator Champion and former Representative Hassan. **NDC was honored to be asked to administrator the grants program** and to support businesses affected by COVID, the social unrest of 2020, and long-term underinvestment.

TIMELINE

Dec. 2023

Contract executed between NDC and DEED.

Jan. to May 2024

Built out the application portal, ran the outreach campaign, and beta tested the application.

June 2024

Application **portal launched** and accepted applications from June 3 to June 30.

July to August 2024

Stage 1 reviewing of over **3,000 full applications.** Assigned preference criteria and ran **random selection.** Over 20 **Community Partner** organizations to support

TIMELINE CONTINUED

August 2024

NDC team fulfilled **data requests,** such as type of businesses applying.

Processing paused due to **complications of legislative intent and interpretation.** built a review portal for DEED, manually checked addresses for zoning.

September to October 2024

Second stage reviews, application changes, and added **Department of Revenue** documentation for tax review support but proved to be too laborious.

Oct. 2024 to Jan. 2025

NDC was given permission to **move all applications forward.** Processed awards began to roll out.

Jan. to June 2025

NDC received updated guidance from DEED about program eligibility and **continued reviewing** remaining applications **under the updated eligibility criteria.**

TIMELINE CONTINUED

July 2025

Law changes, begin internal testing of updated application portal for Round Two

August 2025

Begin **Beta testing Round Two** application process

September 2025

Launch of Round Two, continued until grant distribution threshold of **$50 million**

January 2026

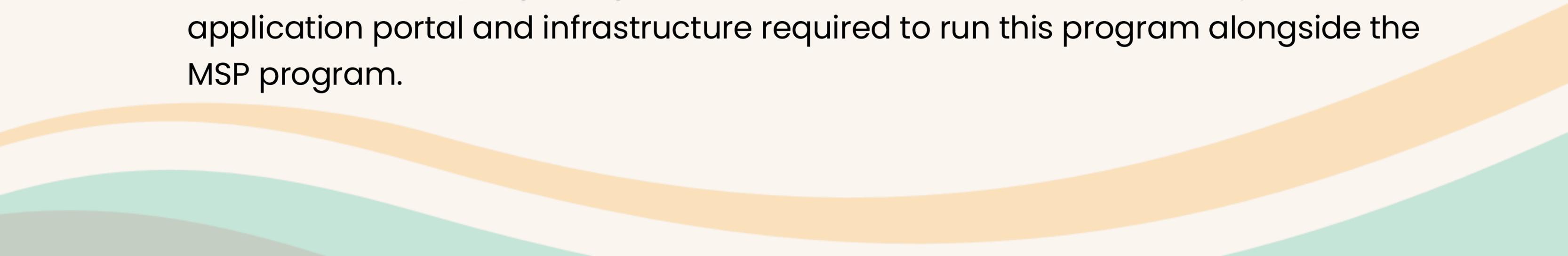Planning for 7-County Metro Grant Program, anticipate launch this **Spring 2026**

IMPACT

- In Round One, we awarded **9.58 million dollars to 651 businesses**, helping them stabilize, grow, and plan for the future.
- In Round Two, launched in September 2025, we have awarded **5.05 million** dollars to **280 additional businesses**
- To date: **14.63 million dollars** in funding to **931 businesses**
- **Remaining Funds**: **$61,109,880**
- Awards continue on a rolling basis as more applications advance through the review process. This **ongoing work** ensures that more business owners gain access to critical funding when they need it most.

Read more grantee stories!

7-COUNTY UPDATES

- Preparations to launch **the 7-County (7C) Grant Program are underway**.
- Program eligibility will remain the same as the Minneapolis and St. Paul (MSP) program, **several key adjustments** are being made to reflect anticipated application volume, larger eligible area, and smaller overall funding allocation of $3 million total.
- Begun **meeting with key contacts at county economic development offices** and other partners for support in **promotions and technical assistance.**
- As we await **final program guidance from DEED**, our team is building the application portal and infrastructure required to run this program alongside the MSP program.

APPLICATION PROCESS

Our application process was designed to balance **accessibility for under resourced businesses** with **strong fraud mitigation** practices. Applicants received **technical assistance** throughout every stage of the process, and we maintained **ongoing communication** to clearly explain any required updates or changes to their submissions.

1) Email Confirmation

2) Stage 1, Eligibility Confirmation

3) Stage 2, Document Upload

4) Evaluation and Verification

5) Stage 3, Financial Document and Identity Check

6) Evaluation and Verification

7) Quality Assurance

8) Accounting & Financial Review

9) State of MN Final Audit

10) Award Notification

11) Applicant Survey and Resources

Applicant

Review Team

DEED

Grant Team

EXTENSIVE TECHNICAL ASSISTANCE

In Round One, we learned that more than **80 percent** of applicants needed **significant support** to complete their applications. Since our launch of Round Two in September, we have provided technical assistance through:

- Creation of **detailed applicant help guide** and **support materials** offered on our website in **three languages**
- Responding to more than **4,000 technical assistance** inquiries submitted through our formal ticketing support system
- Supported **more than 700 applicant visits** with personalized 1:1 help in application labs offering computers and scanners, along with virtual support
- Offering **walk-in assistance**, **phone support** and **conducting outbound calls** to help applicants successfully progress through the application process

❖ **These numbers represent who this program is designed for.**

REQUIRED DOCUMENTATION

Applicants **are required to submit extensive documentation** with their application to prove identity, eligibility and preference level including:

- Complete filed tax returns
- Current and validated state or federal issued photo ID
- Proof of operating address within the eligible geography
- Proof of home address
- Voided check for a bank account connected to the applying business

- W9
- Grant agreement contract
- Certificate of Grant Recipient
- MN Secretary of State Business Filing

FRAUD MITIGATION

We understand our responsibility to be good stewards of state dollars, and stringent fraud mitigation is a crucial part of the program. Each **application is rigorously reviewed multiple times** by multiple people to confirm accuracy, verify eligibility, and ensure that all supporting documentation aligns with the information provided in the application.

Team Training

Comprehensive response and readiness planning, targeted fraud mitigation training, and robust data privacy education to strengthen organizational resilience and compliance

Extensive Documentation

Applicants were required to submit comprehensive documentation to verify their identity, demonstrate program eligibility and preference level

Multi-Step Review Process

Each application is rigorously reviewed multiple times to verify accuracy, confirm eligibility for the program, and ensure alignment with supporting documentation.

Community Partnerships

We partner with 15 trusted community-based organizations, each rooted in key geographic areas and deeply familiar with local businesses and their owners. These partners helped ensure that we had context and on-the-ground knowledge.

Plaid Identity Verification

Our process integrated the use of Plaid Identity Verification, a trusted platform used by financial institutions to confirm identities through secure data, ID checks, and biometrics.

Neighborhood Development Center also **engaged an external accounting firm** to conduct a comprehensive, independent audit of all organizational financial records. This review is initiated to ensure full transparency, strengthen internal controls, and confirm that our financial practices continue to meet the highest standards of accuracy and compliance.

SUCCESSFUL FRAUD DETECTION

These cases demonstrate that our fraud prevention measures are working as intended and that our team is actively protecting the integrity of the program.

Misrepresentation of Business Identity

- **Round 1:** 12 unverifiable applications; 7 submitted under well known business chains
- **Round 2**: 22 more unverifiable applications, many share identical tax forms with font inconsistencies and altered information
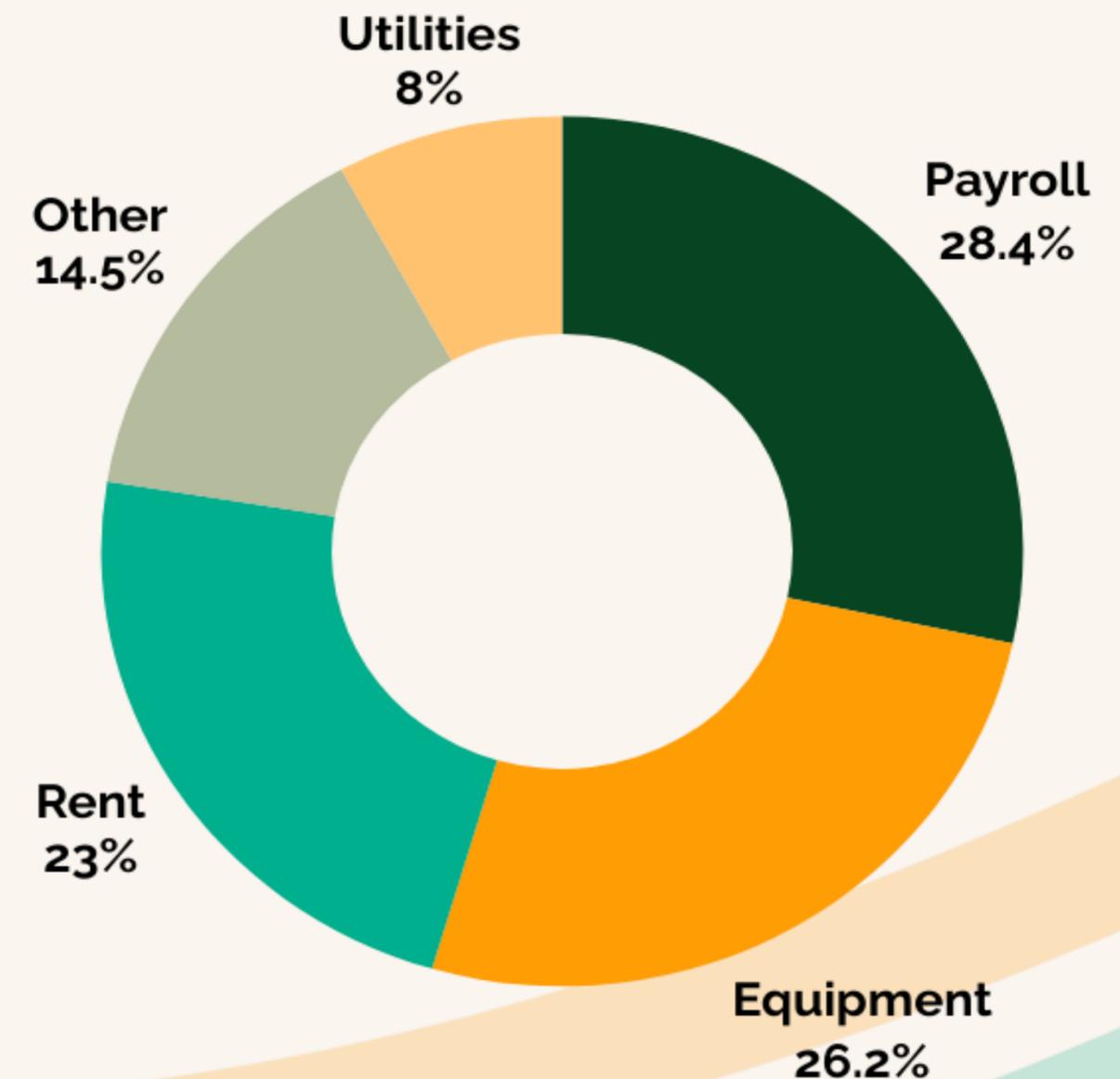
Suspected Document Alteration

- **Round 1**: Multiple IDs had the same background and format with identity details changed
- **Round 2**: Three applicants attempted identity verification using a tablet displaying a photo of the person on the uploaded ID

Revenue and Structure Inconsistencies

- **Round 1**: 6 sole proprietors reported revenue just below eligibility in ways inconsistent with the business structure

GRANT USAGE ROUNDS 1 &2

- Program structure **followed statute requirements**, which **did not mandate post-grant reporting** or spending verification

- Verifying spending for thousands of grantees would require a **much larger administrative infrastructure** and budget than allocated

- **Applicants certified their intended use of funds** by allowable categories in the grant agreement

- Applicants are responsible for **retaining spending documentation** if the State conducts follow up

- **TA reminders reinforced this responsibility**, and we provided tools like a grant spending worksheet

Utilities 8%
Payroll 28.4%
Other 14.5%
Rent 23%
Equipment 26.2%

PROGRAM CHALLENGES

- **Many very small businesses qualify for modest award amounts**
  - Completing the application takes time away from critical business operations
  - As a result, the effort may not feel proportional to the award received

- **Current environment makes some entrepreneurs hesitant to participate**
  - Increased attention on fraud in publicly funded programs in Minnesota has made many fearful of sharing personal information
  - The time required to complete an application is a significant hurdle for businesses already struggling to stay staffed and keep their doors open

- **Geography and the home-based business deduction are the top two reasons for ineligibility**
  - Number of geo ineligibility: 1,867
  - Number of home-based deduction ineligibility: 478

PROGRAM RECOMMENDATIONS

Revisit home-based business deduction requirement
- Nearly 478 otherwise eligible applicants were excluded
- Most heavily impacts North Minneapolis

Expand eligible geography
- Recent environment has impacted businesses statewide
- There are gaps in program coverage
- The 7 County allotment is significantly smaller than the funding available through the Minneapolis and St. Paul programs

Increase award amounts for greater impact
- Raise minimum grant awards with a cap
- Allow Round One awardees that meet current program guidelines to apply again

Rollover funds beyond June 2027
- Businesses are just recovering from the events of 2020 and will be recovering from the recent events for years to come.

MORE PROGRAM RECOMMENDATIONS

Increase the revenue threshold to better account for high-cost industries

- Many businesses, especially restaurants, generate higher revenue but have very low take home income due to significant expenses
- These businesses do not qualify under current thresholds despite operating on very slim margins

More technical assistance funding is needed to support basic tax and business readiness

- Many applicants lack required items like filed taxes, business structure, and business bank accounts
- A significant technical divide limits applicants' ability to complete the process
- Current funding restricts TA to application support, but broader foundational help is needed