

Bolstering the state's oversight of grants to nonprofits

A February 2023 report by the Office of the Legislative Auditor, "[Oversight of State-Funded Grants to Nonprofit Organizations](#)," shows that grants management staff at granting state agencies do not have the tools necessary to conduct appropriate oversight. We ask you to support legislation that would allow the state to successfully and equitably oversee its grants to nonprofits.

Currently, Minnesota's grant management is largely decentralized, with the granting agencies having significant discretion in policy implementation. This results in dozens of ways nonprofits request and report on grant funds and requires a wide array of supporting technology.

We strongly support these specific proposals in [HF 2940](#) | [SF 2979](#)

Improve grants administration oversight by expanding capacity at the Office of Grants Management (OGM)

- **Problem:** This 1 FTE office is responsible for training all grants management staff at 27 granting agencies, as well as creating policies for grant oversight. 1/3 of grants management staff said OGM provides too little training on its policies.
- **Solution:** OGM would be able to provide core support and more specific guidance to state agencies on how to implement its policies and develop standards for consistently funding grants management at the state agencies.

Create an Office of Equity in Grants

- **Problem:** Rural-based, small, and/or BIPOC-led and -serving nonprofits receive disproportionately less state funding than larger, established, and/or Twin Cities-based nonprofits (source: MCN's *Equity in State Grantmaking* report).
- **Solution:** This new office would increase the state's capacity to provide the ongoing needs for effective resources, training, policy guidance, data collection, and data analysis to support state granting agencies in advancing equity in and through grant making processes. The would also include dedicated staff for outreach and training to encourage and assist community-based and culturally specific organizations in applying for state grants.

Design and implement a grants management platform for all granting state agencies

- **Problem:** Nonprofits deliver a large portion of state-funded services, many through grants from the state, yet partnering with the state via grants is a significant pain point for many nonprofit partners in part due to unnecessary technological barriers. The 27 granting agencies use 13 different grants management systems; the remaining have no such platform.
- **Solution:** A single platform would allow agencies to review a nonprofit's past performance partnering with a different agency before awarding new grants, and increase the state's efficiency in grantmaking. It would increase transparency and data availability on state grants to nonprofits for legislators and the public, and it would save nonprofits resources when applying for state grants, leading to a wider variety of nonprofits delivering services throughout the state. This component is also in a stand-alone bill with bipartisan support: HF 2190 / 2447.

Any new or changed state regulations must be developed with input from nonprofits and consideration of how nonprofits will be impacted. Nonprofits must be included in implementing any and all reform efforts.

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The Minnesota Council of Nonprofits (MCN) works to inform, promote, connect, and strengthen individual nonprofits and Minnesota's nonprofit sector, including through local, state, and federal advocacy. More information: www.minnesotanonprofits.org.

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