

Why banning legislatively named grants is harmful; MCN opposes the proposed ban.

Top takeaways

- The Minnesota Council of Nonprofits is against the proposed ban of legislatively named grants.
- Legislatively named grants are an important tool of the State's grant and contract ecosystem.
- There are potential negative impacts to nonprofits if legislatively named grants are banned.
- There has been no evidence of fraud in state grants, either in direct or competitive appropriations.

MCN disagrees with proposed ban to legislatively named grants.

- **MCN supports legislatively named grants in some circumstances**, as the current process for competitive grants is not always equitable for smaller, culturally-specific, and rural organizations.
- Direct grants provide a way to partner with the State without having to navigate larger, more well-resourced organizations.

Potential negative impacts to nonprofits.

A ban would **limit access to funding for organizations that are trusted and recognizable assets to the community**, but that lack the institutional power of more resourced organizations.

There's no evidence of fraud in these spaces.

- There is already a thorough vetting and reporting process embedded within state contracts and legislatively named grants.
- **There have been no public instances of fraud in legislatively named grants.** While MCN appreciates solutions aimed at preventing fraud, we believe we must center efforts in processes fraud has taken root.
- We want to consider unintended consequences of negatively impacting smaller, rural-based and culturally specific organizations.

An important tool of the state funding ecosystem.

- Competitive grant processes are typically lengthy and involve many people. If the legislature's intent is for a grant to go to a specific organization, or if there is only one organization in the state that could perform the grant, **it's a waste of taxpayer money to employ a competitive process.**
- In times of urgency—when speed of services is critical—**being able to work directly with organizations that have the built-in trust and programming needed to execute the grant is crucial** to get services to those in need.

About the Minnesota Council of Nonprofits

MCN's Public Policy Team works to 1) uphold and protect the role of the nonprofit sector 2) advance budget, tax, and economic policies that create a more equitable Minnesota, and 3) build a strong democracy and encourage civic participation. **Scan the QR Code to download our 2026 Public Policy Agenda.**



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