MN
PROMISE ACT

PROMISE ACT METRO GRANT PROGRAM

Year 1 Impact Report

Stewardship
Transparency
Equitable Distribution
Empower & Equip Entrepreneurs
Disadvantaged Communities
Prevail

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Round 1 At A Glance

Executive Summary

The first year of the Minnesota PROMISE Act Grant Program, administered by the Neighborhood Development Center (NDC) in partnership with 17 community organizations, has taken a community driven approach to providing support and economic opportunities for entrepreneurs in the Twin Cities. Designed to support entrepreneurs and small businesses disproportionately impacted by systemic inequities, the program distributed $7.32 million in grants during its inaugural round so far. These efforts prioritized historically underserved areas—North Minneapolis, South Minneapolis, and Saint Paul—and reflected a commitment to community-driven solutions.

While a robust and equitable process was created and adhered to, many challenges and barriers arose throughout Round 1. We want to acknowledge that these challenges caused delay and confusion for applicants in getting through the application process and in receiving a grant.

This program has already provided critical resources to empower local businesses, sustain jobs, and drive community wealth-building. The results demonstrate not only the resilience of local entrepreneurs but also the profound potential of targeted investments to address systemic barriers and create pathways to economic opportunity.

Key Highlights

- **$7.32** Million Distributed
- **487** Grants Awarded
- **83%** BIPOC Entrepreneurs
- **3,307** Full Applications Received
- **1,387** Hours of Technical Assistance to **1,069** Applicants

Round 2 Anticipated Spring 2025

ABOUT THE MN PROMISE ACT

Providing
Resources &
Opportunity +
Maximizing
Investments in
Striving
Entrepreneurs

The PROMISE Act was passed into law in June 2023 as a bold initiative to provide crucial support to local small businesses while also address the systemic economic inequities such as:

- Structural Racial Discrimination
- Civil Unrest
- Lack of Access to Capital
- Loss of Population or Aging Population
- Lack of Regional Economic Diversification

Chief Authors Senator Bobby Joe Champion and Representative Hodan Hassan designed this legislation to provide grants and loans to small businesses in the Twin Cities and Greater Minnesota. In the Twin Cities, the State Legislature empowered **Neighborhood Development Center** (NDC) to administer **$72 Million** of grants in the Twin Cities in partnership with the Minnesota Department of Employment and Economic Development.

The PROMISE Act builds upon efforts initiated through the Main Street Economic Revitalization Program, which focused on recovery following the 2020 civil unrest. By emphasizing accessibility and prioritizing community voices, both programs reflect a commitment to ensuring that resources reach those most in need.

NDC, alongside 17 dedicated community partners, designed a process that reflects the collaborative nature of this program. These partners played critical roles in outreach, application review, and technical assistance, ensuring that the program's design and implementation were deeply rooted in community knowledge and needs.

MN PROMISE ACT

ABOUT THE MN PROMISE ACT

EMPLOYMENT AND ECONOMIC DEVELOPMENT

The Minnesota Department of Employment and Economic Development (DEED) is the state's principal economic development agency. DEED programs promote business recruitment, expansion, and retention; international trade; workforce development; and community development.

NDC Neighborhood Development Center

Established in 1993, Neighborhood Development Center (NDC) is a community-based non-profit organization whose mission is to empower entrepreneurs and community partners to transform low-income neighborhoods from within.

A letter from Renay Dossman President & CEO, NDC

Dear Community and Legislative Leaders,

Neighborhood Development Center is deeply honored to serve as the administrator of the Twin Cities Grant portion of the PROMISE Act. This program is more than a grant initiative—it is a collaboration rooted in the belief that local voices and partnerships are the key to economic equity.

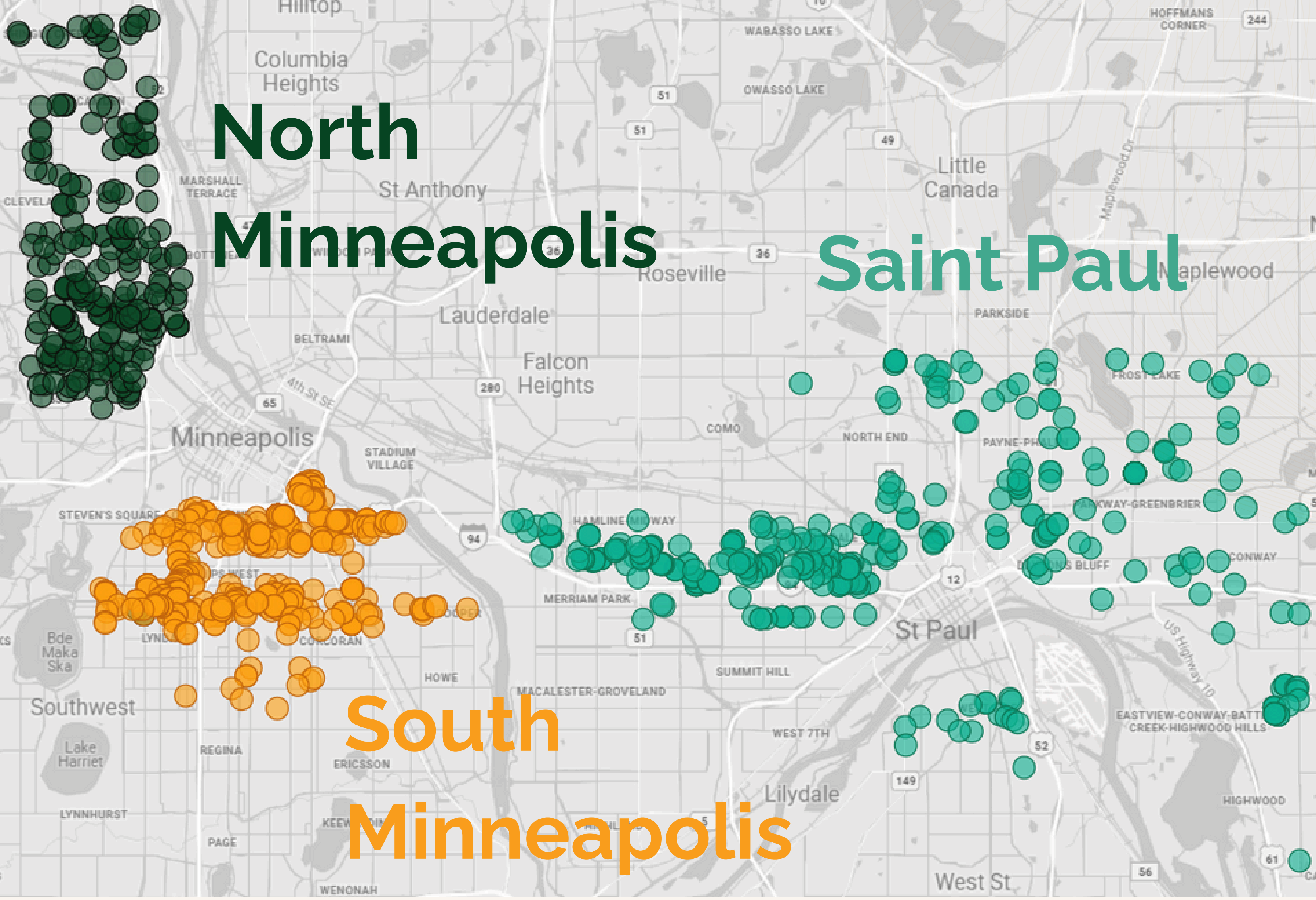
As a nonprofit entrusted with state-funded resources, NDC takes our role as stewards seriously. We deeply value our partnership with the Minnesota Legislature and the Department of Employment and Economic Development (DEED), whose trust and collaboration make this work possible. We are committed to ensuring public funds are used responsibly, transparently, and effectively to create meaningful impact. Along with 17 community partners, we've crafted a unique approach that adapts to the needs of the businesses and nonprofits we serve.

I want to acknowledge that this first Round was incredibly challenging. Some of these challenges were due to legislative intent and interpretation. In addition, building a tech platform and mitigating fraud also caused complications. Often this resulted in applicants feeling like the "goal post" was always moving, and moving way too slow.

Though this report only represents the first round of distributed grants, the stories, numbers, and outcomes we share today illustrate the profound potential of community-led investment. To the entrepreneurs, residents, and organizations working tirelessly to build and rebuild: this program is for you.

Lastly, I want to recognize the amazing PROMISE Act team at NDC. Their planning, resiliency, and passion for the entrepreneurs shined throughout a difficult process. I'm truly honored to work alongside them. Thank you for your trust, guidance, and partnership as we navigate this program in the future.

In gratitude,
Renay Dossman



Map Shows all Applications from PROMISE Act Eligible Geographies

Three Geographies

The geographies of North Minneapolis, South Minneapolis, and Saint Paul hold profound historical and economic significance. They represent the cultural richness, resilience, and persistent challenges faced by entrepreneurs of all communities and backgrounds in the Twin Cities. Understanding the historical and present dynamics of these areas is essential for addressing systemic inequities and fostering inclusive economic development.

Three Geographies with Rich History

North Minneapolis

North Minneapolis, particularly the Near North community, has long been a center of African American life and culture in the Twin Cities. This area's history is marked by its vibrant community of African American history and flow of immigration--building entrepreneurship and a strong local economy despite systemic barriers

Starting in the early 1900s, restrictive housing covenants confined African Americans to neighborhoods across the North side. Even with these restrictions, residents fostered self-sustaining Black communities with thriving businesses, churches, and cultural institutions. Additionally, in the early 20th century the North Side became a haven for Jewish immigrants, who established thriving businesses, schools, and synagogues and contributed to the area's dynamic economic and cultural fabric. However, federal infrastructure projects such as the construction of Olson Memorial Highway and Interstate 94 severed the area's ties to downtown Minneapolis, displacing residents and undermining local business. Subsequent decades saw an increase in economic hardship, including high unemployment, declining property values, and environmental pollution, further isolating North Minneapolis from broader economic opportunities.

In recent years, gentrification has brought new challenges, as rising housing costs and private investment threaten to displace long-term residents. Today, North Minneapolis continues to face stark racial disparities in income, employment, and access to quality education and housing, making community investments essential for equitable revitalization.

'Welcome to North Minneapolis' by Charles Caldwell. 328 West Broadway Ave., completed in 2011.

Three Geographies with Rich History

South Minneapolis


Mural at 42nd Street S. and Cedar Ave. in Minneapolis

South Minneapolis holds a rich history as a hub for Black families during the Great Migration of the early 20th century. Neighborhoods like Central and Bryant emerged as tight-knit communities with Black-owned businesses, social clubs, and churches despite restrictive housing practices. However, the construction of Interstate 35W in the 1950s fragmented these neighborhoods, displacing residents and cutting off access to vital community assets.

In the late 20th century, the area faced new challenges, including increased economic disinvestment, especially due to deindustrialization. In recent years, South Minneapolis has become a focal point for immigrant communities, particularly Latinx and African populations, adding to the area's cultural diversity. However, gentrification, coupled with the impacts of systemic racism continues to create economic instability and displacement for low-income residents and small businesses.

The 2020 murder of George Floyd and the subsequent civil unrest highlighted the urgent need to address systemic inequalities and invest in community-led solutions. The area remains an essential focus for rebuilding efforts that prioritize racial equity and community wealth-building.

Three Geographies with Rich History

Saint Paul

Mural at 621 Sherburne Ave St Paul

Saint Paul's Rondo neighborhood, within the larger Summit-University area, was once a thriving center of African American life. Like North Minneapolis, Rondo grew in response to discriminatory housing policies that confined Black families to specific spaces. Despite these constraints, Rondo developed into a vibrant community with Black-owned businesses, social institutions, and a strong sense of identity.

The construction of Interstate 94 in the 1950s devastated the Rondo neighborhood, displacing over 600 families and dismantling its economic and cultural backbone. This loss continues to resonate, as many African American residents in Saint Paul struggle with generational poverty and systemic barriers to economic advancement.

Today, Saint Paul's East Side, Frogtown, and Dayton's Bluff neighborhoods are home to diverse populations, including significant Hmong and Latinx communities. These areas face challenges similar to those in North and South Minneapolis, such as high poverty rates, housing instability, and limited access to capital for small business owners. This makes the need for thoughtful investments all the more crucial. Access to capital is a route to building generational wealth and combating the effects of systemic barriers to resources.

2020 Pandemic and Civil Unrest: A Dual Crisis for Twin Cities Communities and Small Businesses

The year 2020 brought unprecedented challenges to the Twin Cities, as the COVID-19 pandemic and the civil unrest following George Floyd's murder created compounding crises for small businesses and communities, particularly in neighborhoods with large BIPOC and immigrant populations.

Pandemic Impact

Two-thirds of Minnesota's small businesses reported negative impacts from the pandemic. In April 2022, 17% of businesses still cited severe effects, with only 40% returning to normal operations.

Civil Unrest

Uprisings caused $500 million in damages to 1,500 buildings, largely concentrated on Lake Street, Midway, West Broadway, and University Avenue.

The destruction disproportionately affected BIPOC-owned small businesses, many of which were underinsured or lacked access to immediate cash flow. Less than half of U.S. small businesses carry property insurance, leaving many owners to shoulder rebuilding costs alone.

Burden on Immigrant and Low-Income Entrepreneurs

Immigrant-owned businesses, including restaurants and retailers, were also particularly hit hard. Relocation and rebuilding efforts were slow and costly, with many owners unable to recover fully from slow business and civil unrest.

High insurance premiums in neighborhoods already struggling with affordability deterred many small business owners from securing coverage, exacerbating losses.

Challenges in Recovery: Financial Support Gaps

While federal programs like the Paycheck Protection Program (PPP) provided relief, many small businesses faced bureaucratic barriers and inadequate funding.

Neighborhood associations, non-profits, and Community Development Financial Institutions (CDFIs) stepped in to fill the void left by an absence of significant legislative action.

$250 million is still needed to fully rebuild Lake Street alone. PROMISE Act is a crucial step toward revitalization by helping entrepreneurs revitalize their businesses, stimulating local economies, and contributing to long-term growth.

THE PATH FORWARD

Despite the challenges, community resilience remains strong. Local organizations and grassroots efforts are leading fundraising campaigns and advocating for more robust government support. However, the road to recovery is long, and meaningful action at both the state and city levels is necessary to ensure that small businesses can thrive again.

Program Timeline

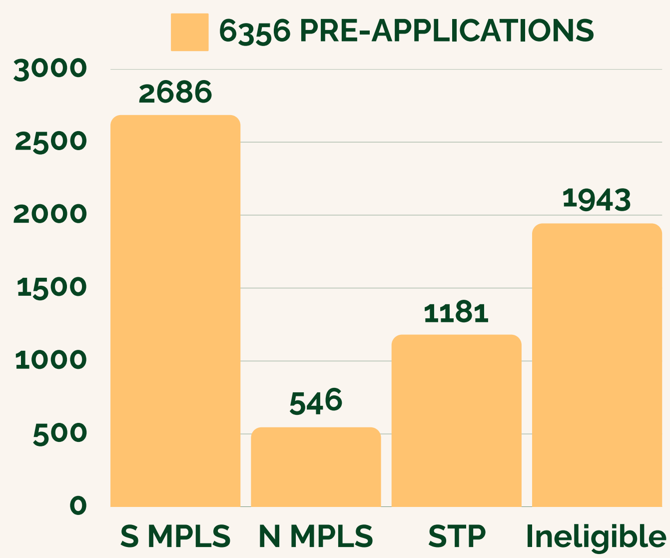
- **June 2023**: PROMISE Act Legislation Passed and NDC chosen as administrator of the Metro Grants.
- **Dec. 2023:** Contract executed between NDC and DEED
- **Jan.2024 - May 2024:** Built out application portal, ran outreach campaign, and beta tested application
- **June 2024:** Application portal launched, accepted applications from June 3rd to June 30th
- **July - Aug. 2024:** Stage 1 reviewing of applications, some applications paused per DEED guidance.
- **August 2024:** Assigned preference criteria and ran random selection, paused processing applications due to complications of legislative intent and interpretation. NDC team fulfilled data requests, built a review portal for DEED specifically, and manually checked addresses for zoning.
- **Sept. - Oct. 2024:** Second stage reviews, application changes, and added Department of Revenue documentation for fraud prevention
- **Oct. 2024 - Jan. 2025:** NDC is given permission to move all applications forward. Process award documents and begin distributing awards
- **Jan. 2025 - Present:** NDC received updated guidance from DEED about program eligibility. NDC moved forward with reviewing remaining applications under new eligibility criteria.

Round 1 Applications:
Big Demand - Big Challenges

The PROMISE Act Grant Program's first round generated significant interest, highlighting both the demand for equitable funding and the resilience of local entrepreneurs

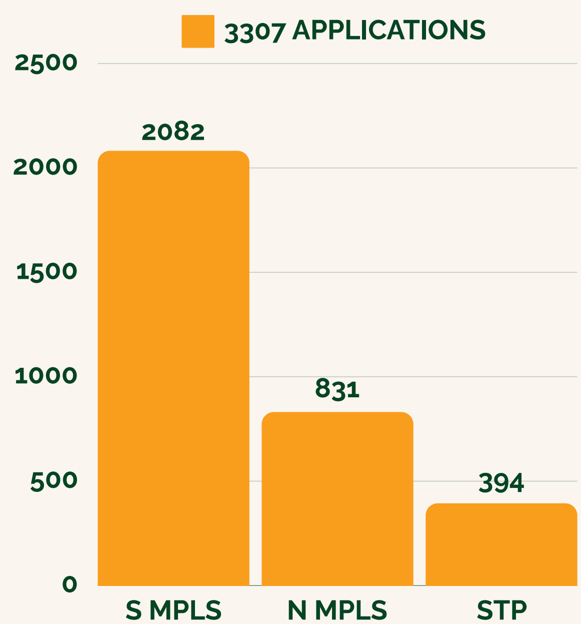
Total Pre-Applications Received: 6,356

- A Pre-Application was used to determine eligibility by entering address and self-attesting to the revenue requirements
- Common reasons for ineligibility included being outside of the eligible geography or exceeding the revenue cap.



Applications Received: 3,307

- South Minneapolis: 2,135
- Saint Paul: 899
- North Minneapolis: 404
- Ineligible: 122



Our Community-Driven Approach: The Role of Community Partners

At the heart of PROMISE Act is a commitment to empowering communities through collaboration and equity. This program's success would not have been possible without the invaluable contributions of 17 community partners. These organizations played a pivotal role in ensuring that the program was accessible, equitable, and deeply rooted in the needs of the neighborhoods it serves. Partners supported the program in a variety of ways and engagement levels, and partner lists are subject to change in future rounds.

African Economic Development Solutions
Building wealth within African immigrant communities.

BWWA
YOUR PROSPERITY IS OUR PURPOSE

HAP

Catalyst

ESABA
East Side Area Business Association

EMERGE

Cedar Riverside Neighborhood Revitalization Program

LAKE STREET COUNCIL
engage • serve • advocate

NEW AMERICAN DEVELOPMENT CENTER

NEON
Northside Economic Opportunity Network

PAADIO

East Side Neighborhood Development Company
EST 1979
ESNDC

LEDC

WEST BANK
MPLS

MNI SOTA FUND

wbc
WEST BROADWAY
BUSINESS & AREA COALITION

propel nonprofits

Our community partners bring a wealth of local knowledge, cultural competency, and expertise, enabling us to design and implement a program that reflects the diversity of the Twin Cities. Partners helped contribute on a few different levels of engagement, including:

Technical Assistance:

Providing hands-on guidance to applicants throughout the process, from understanding eligibility requirements to completing applications.

Outreach:

Spreading awareness about the grant opportunity within North Minneapolis, South Minneapolis, and Saint Paul, using culturally relevant approaches to engage underrepresented communities.

Application Review:

Participating in the evaluation process to ensure that funding decisions were informed by community perspectives and aligned with program goals.

A Collaborative Process

These partners exemplified the power of community-led problem-solving. By leveraging their networks and insights, they ensured that applicants had access to the resources and support needed to navigate the process.

Outreach and Technical Assistance:

50+ Applicant Support Sessions were hosted both in-person and Virtually:

- → Info Sessions
- → Townhalls
- → Tax Prep
- → Application Cafés
- → Get Ready Sessions
- → Community Events

1:1 Technical Assistance

35 individual TA providers, through community partners, bench advisors, and NDC staff gave:

1,069 Applicants | 1,387 Hours

Through our technical assistance and workshop events, we observed tax preparation and technology access as large barriers for applicants. The volume and demand for 1:1 applicant assistance exemplifies the need for more hands on technical assistance and tax preparation services for businesses to access capital opportunities.

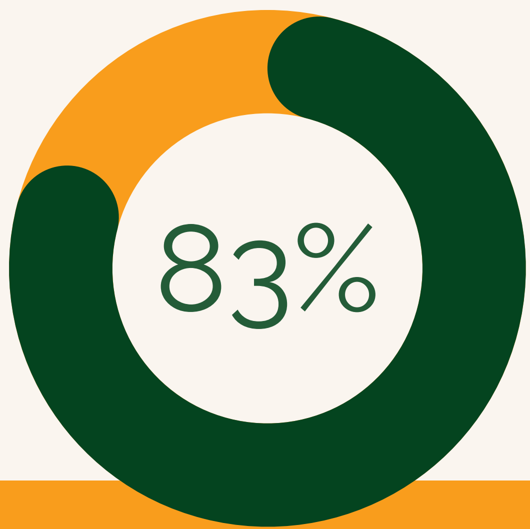
Round 1: The Applicants

This grant program was designed to support entrepreneurs who face systemic barriers, including racial discrimination, limited access to capital, and lingering impacts of COVID-19 and civil unrest.

The challenges faced by these applicants highlight the need for targeted support: **67% reported a lack of access to capital, 51% have struggled to recover from the civil unrest, and 47% have experienced racial discrimination as a barrier to their success.**

Entrepreneurs also demonstrate creativity and resilience in how they operate: 43% run store-front businesses, 40% provide transportation services, 19% operate from home, and 13% manage online stores. This diversity underscores the vital role of small businesses in in building a thriving, inclusive economy

The % of applicants who identified as BIPOC in round 1, reflecting the program's focus on serving historically marginalized communities.



These businesses are critical to our local economy; 60% employ between 1 and 5 full-time workers, 29% operate as solo entrepreneurs, and 8% employ between 6 and 50 workers.

Round 1: Selection Process

First-come, first-serve grant application processes disadvantage underserved communities. **While our process has been lengthy, we are confident that avoiding first-come, first-serve distribution is the most equitable method.** We also will be distributing funds through **multiple rounds** to give business owners time to prepare and apply for funding.

However, funding is limited and we allocated about 30% of the $72 million appropriation for Round 1.. Because of the limited funding and large volume of applications, we found there were significantly **more applications than funding allocated in South Minneapolis and Saint Pau**l. Additionally, **North Minneapolis did not have enough applications** to fulfill the allocation.

Through our research, we found that South Minneapolis and Saint Paul have a large volume of businesses in the eligible geography, and though out TA partners found North Minneapolis requires more Tax preparation.

Because of this demand, grants were distributed to applicants based on a combination of preference level and randomization.

A business was given preference for the grant if:
1) it experienced financial hardship and/or
2) did not receive assistance from specific programs totaling more than $10,000.

Selecting Applications:

Applications that had their business address and revenue verified as eligible and assigned preference criteria made it to the randomized selection process.

For each geography, the applications were sorted by:

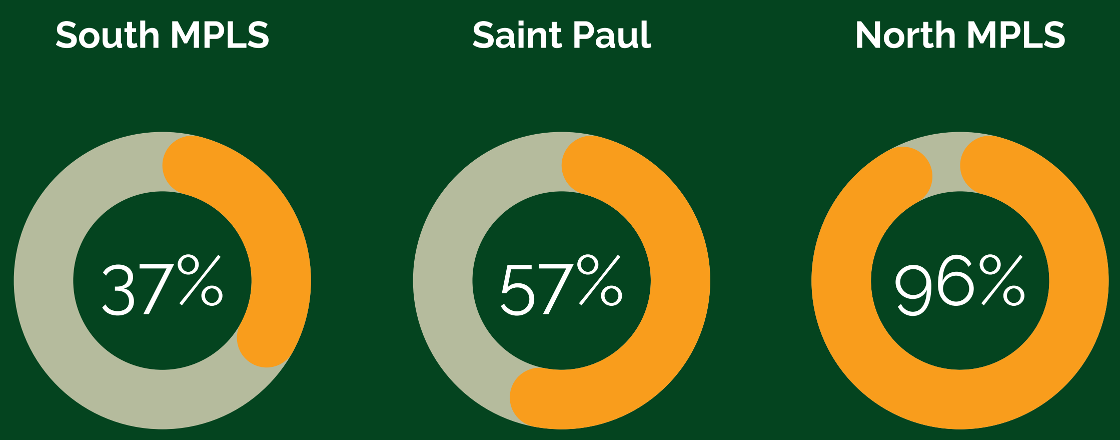
- The number of preference criteria met, from high to low
- A randomly generated number from low to high

An automated formula distributed grant funds from the top of this list until funds were exhausted. This ensured that funding upheld the preferences in the law and upheld an equitable process by using randomization.

Applications that made it to Random Selection:

S. MPLS: 1,772 | Saint Paul: 727 | N. MPLS: 275

Applications Randomly Selected

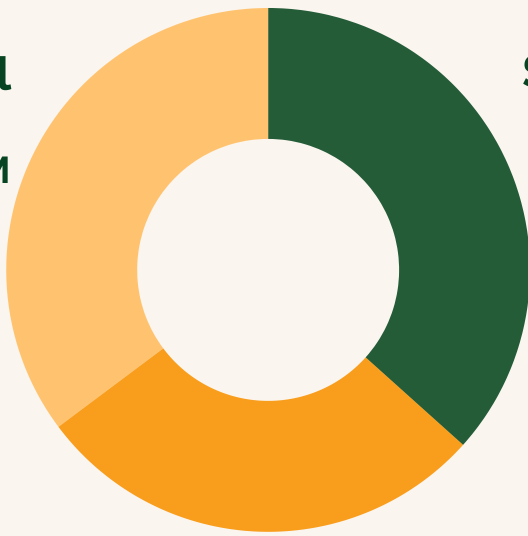


Grant Dollars Distributed and Uses

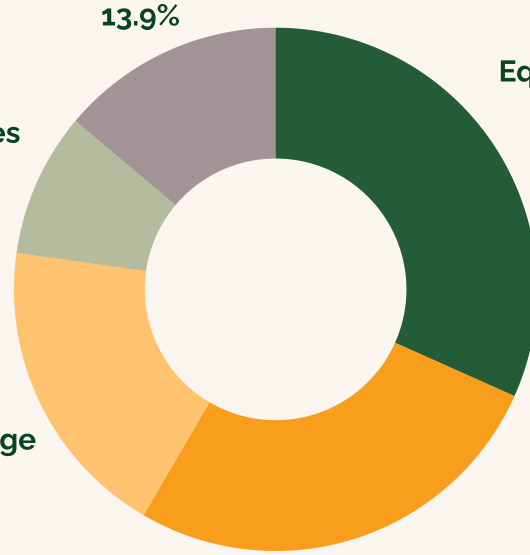
$7,322,700 Dollars distributed in grants

487 Total grants distributed

$15,036 Average grant Size



Grants by Geography



Estimated use of Grants (All Applicants)

GRANT SPOTLIGHT • North MPLS

3008 10th Avenue North Minneapolis, MN.

ALL WASHED UP LAUNDRY SERVICES

2024

"These funds have been disbursed in many different ways. I had a customer van...the transmission was out, I fixed the van and I wrapped it. I have bought accessories for the new washers and I have and I have upgraded carts with new wheels. Just products, storage, everything that made it a great space and knowing that I was able to invest this money in many different areas of the business."

"I want to say a huge thank you to all my customers that supported me for the 14 years of operation that my business, All Washed Up Laundry Services, has been here in North Minneapolis.

Amongst the services that we provide here...my [government] contracts are very essential. I've been at the same prices for years and the reason for that is my customers. The one of the ways that this laundromat has been successful has been because of these consistent contracts and is the main reason why I pay it forward to my customers in my community. To say don't worry, we have help.

Receiving and applying for the PROMISE Act Grant was a process, a few different challenges to say the least. But I knew that if you want it bad enough then you do what you have to get it.

Lastly, I want to show my staff love and have an appreciation meal. That's because they've been in the trenches with me and they deserve a piece of this and to be able to sit down and say, let's continue to fly high. ***Thank you PROMISE Act."***

GRANT SPOTLIGHT · South MPLS

2024

3555 Chicago Ave, Minneapolis

Jakeeno's

"It provided a breath of relief. It helped us cover payroll during that time. It is going to allow us to stay on the corner. It was this little breath that gave us a minute to regroup and, you know, just ***further invest in the neighborhood****. We're not going anywhere. We've redone our entire building. Our 50th anniversary is coming up, and it just helps us stay there.* ***It helps us to rededicate ourselves to that corner and let people know that we're here to stay."***

"My name is Patty Keegan, and I'm from Jakeeno's Pizza and Pasta. We have been on the corner of 36th and Chicago since 1975. Our parents started it, and my sister Amy and I bought the business about 25 years ago.

The neighborhood is so important to us. The people in that neighborhood—everybody is very dedicated to that—whether it's fellow business owners or the homeowners, everybody takes pride in their neighborhood. We provide jobs for a very diverse group of people. We've had people that have worked for us for decades. We've had people that have worked for us for many years. ***We are a nice, stable place for people to come, feel safe, enjoy a great meal, have a drink, and we really are a staple of that neighborhood. People recognize the name and say, 'Oh yeah, Jakeeno's has been there for my whole life.'***

We learned about the grant through a Zoom meeting, and my sister was the one that took it on from that point. It was just a long process, and it took longer than was told, but [the PROMISE Act team] were very upfront about the delays in the process. So just like anything it takes a while, but in the end we were granted the money.

GRANT SPOTLIGHT • **Saint Paul**

2024

755 Snelling Ave N, St Paul, MN

Udo's African Restaurant & Groceries

"...it came at the very right time. I wasn't able to pay my workers at that point when the grant came, so that helped us to cover the payroll for the employees and buy equipment that we needed. ***So it was a huge help to our business. We thank the State for that."***

"My name is Michael Udo, the owner of Udo's African Restaurant and Grocery Store. We have been in business for over 15 years now. We started with a grocery store, and recently we added a restaurant, which we did the grand opening in September this year.

In 2020, during the pandemic and the civil unrest following the killing of George Floyd, things were so difficult for us in my area, the Midway. It was one of the areas where so much destruction was going on. Businesses were closing—like ours. We closed for two weeks. And most of us, we were sleeping in our business premises because that was the only thing that we had, and we had to protect it so that people didn't burn down the building or loot the building. So, we decided to buy pops, water, snacks—whatever we could afford—to give to the people so that they would spare us.

The grant process was a little bit difficult but I understand because, according to the communication, people were applying for the grant and didn't have any businesses. They had to go into real scrutiny so it took longer than normal grant time that we normally applied for, which is understandable because the State wanted to be fair in distributing the funds.

GRANT SPOTLIGHT • Non-Profit

2024

1821 University Ave W Saint Paul

Kayd Foundation

"I would say thank you 1,000,000 times. The money will be used for capacity building, a small portion on rent, a small portion for technology, and a small portion on all other services we do."

KAYD's philosophy has four key points: health, education, environmental issues, and economic development. Health is prioritized as the foundation for learning and working, while education, environmental stewardship, and economic development ensure individuals and communities thrive.. That's the KAYD philosophy.

I heard about the MN Promise Act from a friend. We applied. I was not sure what was at the end of the tunnel, but I saw the opportunity and applied. The application process was highly effective, and the communication was good in the first stage. Then stage two was about being patient, as the communication was still effective. At least, even if you didn't get it, the information was sufficient.

Finally, the day came while I was not expecting it. I got the good news, and again I said, 'This is real.' Then, after a few days, I saw the figure in my bank account. The moment I saw it, I knew what I had heard about the MN Promise Act was 100 percent correct and a good opportunity. We will spend it with ethics and high standards to achieve all our goals and then give feedback to you on what we did."

Round 1 Learnings

As administrators of this unprecedented grant program, we learned a lot about administering a program of this size, the communities we reached, and the relationships it requires.

Technical Assistance

One unique aspect of the program was the amount of technical assistance given to applicants, 1,069 applicants served totaling 1,387 hours. However even though that amount of support seems high, the need for support was far greater than we were able to fulfill. We found roughly 80% of applications needed substantial assistance to complete the application and necessary documentation. Some of the primary challenges that required additional technical assistance services were:

- Technological assistance
- Language barriers
- Uploading correct documentation

Technology

There is a tension between applicant accessibility and ease of application and the need for stringent documentation and fraud mitigation. Through feedback from applicants and community partners it is evident that technology continues to be a barrier for many small businesses applying for the program. Our team is working to ensure future rounds enhance user friendliness and use better communication methods, while also maintain robust fraud prevention methods.

Stewardship

Using a community based non-profit to administer a state funded grant program an innovative way to reach targeted communities, evident by the results outlined in this report. Additionally, the partnership between the legislature, the state agency, and the community based administrators required working through different interpretations of program guidelines and legislative intent, which created challenges and program delays. We will continue to value this relationship moving forward and learn from these experiences to ensure smooth administrative and bureaucratic processes.

MN PROMISE ACT

Thank You!

WHAT'S NEXT?

The PROMISE Act has more rounds coming and more grants to distribute:

Round 2 Anticipated Spring 2025.

Head to www.mnpromiseact.org to find out more about eligibility, timeline, and announcements.