
Report of the Main Street COVID-19 Relief Grant Program

Office of Small Business Partnerships
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Authorizing Appropriation

The Minnesota Main Street COVID-19 Relief Grant (MSCRG) Program is authorized Laws of Minnesota 2021, First Special Session, chapter 10, art. 2, sec. 22 appropriating \$70 million in State General Fund. By law, funding was distributed across the following categories:

- \$64.2 million for Main Street COVID-19 Relief Grants
- \$3 million for Main Street Cultural Mall Operator Grants
- \$2.8 million for administrative costs incurred from making grants.

Main Street COVID-19 Relief Grant Program

This program makes available up to \$25,000 in grants to Minnesotan owned and operated businesses that can demonstrate financial hardship as a result of the COVID-19 outbreak. A total of \$64.2 million is available for grant awards which will be selected through a computer-generated, randomized selection process.

To qualify, an applicant must:

- Be private for-profit business or non-profit organization (that earns revenue in ways similar to a business) with primary operations located in the state of Minnesota.
- Be at least 50% owned by one or more resident(s) of Minnesota.
- Employee the equivalent of 200 full-time workers or less.
- Be able to demonstrate financial hardship as a result of the COVID-19 outbreak.
- Minimum total sales or revenue of at least \$10,000 for the 2020 or 2019 tax year.

Grant funds received by individual businesses shall be used for working capital to support payroll expenses, rent, mortgage payments, utility bills, and other similar expenses that occur or have occurred since March 1, 2020, in the regular course of business. These are grants and no repayment will be required.

In making awards, there are minimum set asides for various targeted groups and categories of businesses.

- 50% of funds will be available for businesses based in Greater Minnesota.
- 50% of funds will be available for businesses based in the 7-county metro area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties).
- A minimum amount of funds must be awarded as follows:
- \$18 million for businesses with six or fewer full-time workers.
- \$10 million for businesses that are majority owned and operated by Black, Indigenous, or People of Color (BIPOC).
- \$2.5 million for businesses that are majority owned and operated by veterans.
- \$2.5 million for businesses that are majority owned and operated by women.

Grant applications that have been randomly selected in the lottery process conducted by DEED are assigned to qualified local and regionally based nonprofit organizations previously authorized as a lender under the Small Business Emergency Loan program pursuant to Laws 2020, chapter 71, section 11. Grant administrators received selected applications from DEED, review applications for eligibility, administer awards to eligible applicants, and request funds for transfer from DEED upon approval for relief grants.

Participating Grant Administrators

17 agencies have participated as administrators for this program. For Twin Cities based organizations, which applications and the quantity of applications assigned to administrators is based on the following criteria: the (1) staffing and technical capacity of the administrator, (2) the preference of applicant if they have stated one in their application, (3) the agency mission's if they have a specific mission to serve certain geographies, language, gender, ethnic, or racial groups, and (4) random assignment if all other applicants in those categories are exhausted.

For Greater Minnesota agencies applications are assigned based on the location of the business within that organizations Minnesota Initiative Foundation (MIF) service area.

Twin Cities Grant Administrators:

- NextStage
- WomenVenture
- African Development Center
- Metropolitan Consortium of Community Developers
- African Economic Development Solutions
- HAP (Hmong American Partnership)
- Neighborhood Development Center
- Metropolitan Economic Development Association
- New American Development Center (NADC)
- Latino Economic Development Center
- Northside Economic Opportunity Network (NEON) Inc.

Greater Minnesota Grant Administrators

- Initiative Foundation (Central Region)
- Northland Foundation (Northeast Region)
- Northwest Minnesota Foundation (Northwest Region)

- Southern Minnesota Initiative Foundation (Southeast Region)
- Southwest Initiative Foundation (Southwest Region)
- West Central Initiative (West Central Region)

Application Process

Applications were received online on DEED’s website between September 20 8:00am and September 29 5:00pm. By law applications could be collected for no more than 10 days.

DEED collected 18,632 applications.

Randomized Selection Process

A total of 8987 applications were selected through a computer-based randomized selection process to receive a grant award ranging from \$10,000 to \$25,000 depending on the employee count of the business.

- 0-6 FTE, award is \$10,000
- 7-49 FTE, award is \$15,000
- 50-99 FTE, award is \$20,000
- 100-200 FTE, award is \$25,000.

Per the enacting legislation, three criteria influenced the prioritization of applicants in the lottery:

Targeted groups: A minimum number of dollars will be issued to business in the following targeted groups, regardless of geographic region:

- Veteran-owned: \$2,500,000
- Woman-owned: \$2,500,000
- Minority-owned: \$10,000,000
- Microbusinesses (under 6 FTE): \$18,000,000

Geography: Total funding for the Main Street COVID-19 Relief Grant program and the related (but separately administered) Cultural Mall program must be split evenly between Greater Minnesota and the 7-county Twin Cities metro area. Because the majority of funding set aside for the Cultural Mall program went to metro-based facilities, more relief grants were awarded to businesses based in Greater Minnesota than to businesses in the Twin Cities.

Non-participation in previous relief grant programs:

In making awards, priority shall be given to businesses that did not receive previous assistance from the state under from the following programs:

- Small Business Emergency Loans (SBEL)
- Small Business Relief Grants (SBRG)
- Movie Theater and Convention Center Grants (MTCC)
- County Relief Grants

Lottery Process

The lottery process consisted of five rounds of randomized award selections prioritized by the targeted categories and by whether the applicants participated in previous relief programs.

Rounds 1-4 each focused on one of the targeted business groups and were conducted in a pre-determined order based on the total number of Minnesota businesses in those targeted groups (see Table 1). This allowed the lottery to proceed from hardest-to-fill to easiest-to-fill target groups and gave businesses in harder-to-fill pools the fairest chance of winning an award. After each round, winners were removed from the pool and non-winners advanced either to the next selection round for which they were eligible or to the Round 5 general pool.

Figure 1 – Minimum Award Categories

Round	Target Category	Minimum Award Amounts	Business Population
1	Veteran-Owned	\$2,500,000	45,582
2	Minority-Owned	\$10,000,000	47,565
3	Microbusiness	\$18,000,000	89,257 businesses employ <10 employees. Among these, almost 71,000 employ <5 employees
4	Women-Owned	\$2,500,000	157,821

Sources: 2012 Survey of Business Owners and 2017 County Business Patterns

After Rounds 1-4, the geographic distribution of awards was assessed and used to determine the number of remaining awards in Round 5 that needed to be awarded to businesses based in either Greater MN or the Twin Cities Metro in order to maintain the required 50/50 funding split.

Round 5 was a general pool of all remaining applications that either did not win an award in Rounds 1-4 or that did not qualify for those targeted rounds.

Waiting List Procedures

Each winner from the lottery is paired with a program administrator who will verify the awardee's eligibility and administer the grant funds. Should an awardee be found to be ineligible their award will instead be given

to the next eligible applicant that would have been selected in the same round (among remaining non-selected applicants), but with consideration for maintaining the funding balance by region.

Program Activity

Since launching, the program has received over 18,578 applications, randomly selected and processed 8,984 applications, and approved 5,715 applications for awards for a total value of \$61,755,000 in relief grants. A total of 3,272 application have been found to be ineligible.

Figure 2 –Selections, Approvals, Ineligibles by Geography

Region	Selected	Approved	Not eligible
Greater MN	4,253	2,945	1,308
Metro	4,734	2,770	1,964
Total	6,230	5,715	3,272

Targeted Businesses

In making awards, there are minimum set asides for targeted groups and categories of businesses.

- \$18 million for businesses with six or fewer full-time workers (Micro businesses)
- \$10 million for minority business enterprises.
- \$2.5 million for businesses that are majority owned and operated by veterans.
- \$2.5 million for businesses that are majority owned and operated by women.

As of the time of this report DEED has met the minimum award amount with the exemption of veteran-owned businesses. DEED has taken additional steps to ensure that the minimum amount of dollars will be awarded to veteran-owned business by program expiration date of December 30, 2020.

Figure 3 – Relief Grants by Targeted Businesses

BUSINESS CATAGORY	AWARD MINIMUM	TOTAL DOLLARS AWARDED	TOTAL NUMBER OF AWARDS
MICRO	\$18,000,000	\$45,510,000	2,359
VET	\$2,500,000	\$3,275,000	301
WOMEN	\$2,500,000	\$25,415,000	2359
MINORITY	\$10,000,000	\$15,850,000	1508

NOTE: If a business qualifies for multiple categories that business is counted twice for the purposes of the minimum award thresholds. For example, if a veteran-owned business is also a women-owned business it is counted for both categories.

Industry

Some business types representing different industries participated in this program at higher rates than others. There were three main factors that contributed to differently impacts across industries:

Industries experienced disparate impacts due to the COVID-19 pandemic and government mandated restrictions of their business operations.

Figure 4 - Awards by Industry

Industry	Total Dollars Awarded	Number of Awards
Accommodation, Lodging (NAICS 721)	\$995,000.00	82
Administration, Support Services (NAICS 561)	\$430,000.00	39
Agriculture (NAICS 11)	\$910,000.00	88
Any other non-services industries not included above	\$ 965,000.00	91
Any other services industries not included above	\$5,975,000.00	571
Arts, Entertainment, Sports (NAICS 711)	\$2,035,000.00	197
Construction (NAICS 23)	\$3,690,000.00	331
Education (NAICS 61)	\$1,265,000.00	119
Finance, Insurance (NAICS 52)	\$630,000.00	61
Food & Drink Services (NAICS 722)	\$7,655,000.00	634
Food, Beverages (NAICS 311-312)	\$610,000.00	55
Health Care (NAICS 621-622)	\$3,470,000.00	302
Information (NAICS 51)	\$660,000.00	63
Manufacturing, other than food/beverages (NAICS 31-33 other than 311-312)	\$2,175,000.00	174

Non-Profit - Grantmaking, Civic, Religious Organizations (NAICS 813)	\$610,000.00	55
Personal Care Services (NAICS 8121)	\$6,060,000.00	583
Professional, Technical, Scientific Services (NAICS 54)	\$2,815,000.00	266
Real Estate Rental, Leasing (NAICS 53)	\$700,000.00	69
Recreation, Museums (NAICS 712-713)	\$1,300,000.00	119
Repair, Maintenance (NAICS 811)	\$1,450,000.00	138
Retail (NAICS 44-45)	\$5,710,000.00	540
Social Services (NAICS 623-624)	\$1,315,000.00	120
Transportation, Warehousing (NAICS 48-49)	\$10,285,000.00	1014
Waste Management (NAICS 562)	\$45,000.00	4
Grand Total	\$61,755,000.00	5715

Cultural Mall Operator Grant Program

Laws of Minnesota 2021, First Special Session, chapter 10, art. 2, sec. 22 authorizes \$3 million of Main Street COVID-19 Relief Grant program funding for the Cultural Mall Operator Grant program.

This program provides grants up to \$300,000 to Minnesota-based operators of privately owned, permanent indoor retail space and food markets that have an ethnic cultural emphasis. A total of \$3 million is available for grant awards.

To qualify, an applicant must:

- Be an operator of a privately owned, permanent indoor retail space and food market located in Minnesota.
- Be a facility that leases space to 12 or more tenants.
- Be a facility in which 50% or more of the tenants have fewer than 20 employees.
- Be a facility in which 50% or more of tenant businesses are majority owned by one or more individuals who identify as one or more of the following racial or ethnic categories: Black, African American, Asian or Pacific Islanders, Hispanic, Latinx, American Indian, Alaska Native, or other racial or ethnic minority.

Applications are collected and reviewed by DEED and grants are administered and disbursed by qualified local and regionally based nonprofit organizations also participating in the Main Street COVID-19 Relief Grant program. All but \$25,000 of grant funds received by cultural mall operators must be used to make subgrants to existing tenants of the operator for maintaining existing tenants in the form of rent forgiveness or credit towards future rent.

DEED Received 23 applications and approved 11 facilities for a grant. As of this report, all facilities have completed the eligibility review, reporting and fund request process.

Figure 5 – Cultural Mall Operator Grant Activity

Cultural Mall	City	# of Tenants	Award
24 Mall	Minneapolis	121	\$300,000
Karmel Mall	Minneapolis	300	\$300,000
Mercado Central	Minneapolis	30	\$300,000
Midtown Global Market	Minneapolis	35	\$300,000
Plaza Mexico	Minneapolis	63	\$300,000
Riverside Mall	Minneapolis	34	\$300,000
Jigjiga Business Center	Minneapolis	27	\$200,000
Century Plaza	Saint Paul	25	\$300,000
Hmong Village	Saint Paul	253	\$300,000
Hmongtown Market Place	Saint Paul	109	\$300,000
Midtown Plaza	Willmar	12	\$80,000