

Subject Grants Administered by the Department of Education

Authors Bennett and others

Analyst Tim Strom

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Overview

The Minnesota Department of Education (MDE) administers a number of different types of grant programs. In some cases, the grant recipient may be a nonprofit organization. Most of the grants administered by MDE come from legislatively authorized appropriations.

H.F. 2786 establishes a new standard for MDE when awarding and administering grants. The new standards prohibit MDE from issuing a grant to a nonprofit or canceling an existing grant if any of the following apply:

1. the recipient is a nonprofit organization that is required to file a Form 990 or Form 990-EZ with the Internal Revenue Service, but has failed to file the report;
2. the recipient is required to file a report under section 309.53 and has not filed the report;
3. the recipient fails to file an annual renewal and is administratively dissolved by the secretary of state;
4. the recipient fails to maintain tax-exempt status under state or federal law;
5. the recipient's administrative costs exceed 25 percent of its revenue;
6. the salary and value of all other forms of compensation of an employee of the recipient exceeds 110 percent of the compensation of the governor as established under section 15A.082; or
7. the commissioner knows, or has reason to know, that the recipient is the subject of an investigation or allegation of fraud, waste, or abuse, as defined in section 127A.21.

H.F. 2786 specifically excludes school districts, cooperatives and joint powers associations, and charter schools from the definition of “nonprofit” used in the bill.

Summary

Section	Description
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1	Education grant termination.
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	Prohibits the commissioner of education from issuing a new grant and requires the commissioner to cancel an existing grant to a nonprofit organization if the organization does not accurately meet its required federal and state reporting requirements, if its administrative expenses exceed 25 percent of the organization’s total revenue, or if the organization is subject to an investigation of fraud, waste, or abuse.
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