

Down Payment Assistance Grant Lottery Process

This document provides background on the grant, including required priorities for grant awards and the process for randomly selecting award winners.

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Background

The Minnesota State Legislature approved \$1.25 million each year of this program for fiscal years 2026 and 2027 (which run July to June). Any unused balance from the first year will be available to use in the second year.

The MDA will award these grants using a random lottery process, with priority given to eligible applicants with no more than \$100,000 in annual gross farm product sales and eligible applicants who are producers of industrial hemp, cannabis, or specialty crops. Eligibility is further detailed in the grant instructions.

Priorities for Developing the Selection Process

- Keep it as simple as possible.
- Keep it fair and truly randomized to the extent possible.
- Have third-party validation of the selection process and results.
- Be able to communicate this process clearly to the public.

Methodology: Randomized Lottery

Database Set-up

1. Each applicant appears once as a new record (row). **SAVE POINT.**
2. Create columns for:
 - a. Application number in ascending order based on when application was processed.
 - b. If applicant is a priority applicant (Y/N).
 - c. Grant amount requested.
 - d. Randomly generated number formula.
 - e. Lottery order - to paste values of the randomly generated numbers. Excel random formula is a volatile function and will recalculate every time the database is edited.
3. Create new files for each process "save point"
 - a. Down Payment FYxx Root Application List [date] with ALL applications
 - b. Down Payment FYxx Draw Ready [date] with duplicate and ineligible apps removed
 - c. Down Payment FYxx Random Assigned [date] saved immediately after lottery drawing
 - d. Down Payment FYxx Random Assigned Sorted [date] sorted by ascending lottery order
 - e. Down Payment FYxx Working App Log

After due date and before lottery drawing, grant administrator will:

1. Remove any duplicate applicants (search name, phone number, address, and other identifiers). Record duplicate on the Master File.
2. Review applications for eligibility. Remove any ineligible applications and record reason on the Master File. **SAVE POINT.**
3. Organize eligible applicants into spreadsheets per instructions above.
4. Test the database setup and the following lottery draw process using test file data.

Selection Procedure

The lottery drawing will take place in a group meeting of three or more MDA staff. This meeting will be recorded and saved based on MDA's Records Retention Schedule (current year plus five fiscal years after grant contract end date). To protect confidential application information, this meeting will not be open to the public.

1. Use Excel Data > Group to hide columns containing information to identify applicants (everything except application number, priority y/n, and amount requested)
2. Generate the award order using the Excel formula =SORTBY(SEQUENCE(X),RANDARRAY(X)) where X is equal to the total number of applications.
3. Copy/paste the results from this formula **as values** into the lottery order column. **SAVE POINT.**
4. Sort the lottery order column in ascending order. This is the order of grant awards. **SAVE POINT.**
5. Create a sign-off for MDA staff, indicating process was followed and observed.
6. Create sum columns for total awards and awards to priority applicants with formula =IF(D3="y",E3,0). Apply conditional formatting to see when we have met target numbers.

Waitlist Administration

If a grantee is unable to close their purchase within the designated timeframe, the grant award is cancelled and funds can be awarded in ascending order of the waitlist, determined by each applicant's randomly generated number. The designated period for closing a purchase will begin on the day a waiting list applicant receives their award letter.

Eligible applicants with less than \$100,000 in annual gross farm product sales and eligible applicants who are producers of industrial hemp, cannabis, or specialty crops will receive priority if any are on the waitlist. If funding remains after the RFA has awarded grants to all priority applicants, the RFA can award as many grants as funding allows to remaining applicants in the order of their lottery placement.