

Minnesota Initiative Foundations

What are the Minnesota Initiative Foundations?

The Minnesota Initiative Foundations are six independent, nonprofit philanthropic organizations that serve six geographic regions outside the Twin Cities area. They work to make Minnesota's rural communities stronger and more prosperous. With programs tailored to the particular social and economic needs of each region, they make grants and loans; establish partnerships with local governments, businesses, and agencies to address problems cooperatively; and promote regional leadership and employee development through workshops and other training.

The Initiative Foundations were created in 1986 by The McKnight Foundation, a private foundation based in Minneapolis, in partnership with citizens of Greater Minnesota. Each foundation reports to a board of directors from its region. The foundations receive support from McKnight and local donors; state, national, and local governments; and other foundations.

How did they begin?

In the early 1980s, declines in the farming and mining economies were stripping rural communities of people, jobs, and hope. At the same time, The McKnight Foundation's assets were growing and it wanted to extend some of those new resources to Greater Minnesota.

Believing that the people of rural Minnesota were best positioned to make philanthropic decisions for themselves and their neighbors, McKnight envisioned a regional strategy that would stimulate local giving and encourage local responsibility for the long-term welfare of each region. Such a strategy could help create a philanthropic tradition in Greater Minnesota.

Volunteer steering committees helped set up the Initiative Foundations and identify regional priorities. In 1986, McKnight's directors made a five-year commitment to launch the funds. As the foundations proved successful, McKnight made further commitments.

A REGIONAL PHILOSOPHY

McKnight founded the Initiative Foundations with three beliefs in mind:

- The success of one town, farm, or business is closely linked to the vitality of the larger community, county, and region.
- Minnesota's small towns and rural areas possess the human and financial resources to meet their most critical needs.
- Decisions about resource allocation are made most effectively by people with the greatest stake in those decisions, not by people many miles away.

How much has The McKnight Foundation given to the funds?

Since 1986, McKnight has contributed \$210 million to the Initiative Foundations, with specific amounts and timing varying according to needs and strategies. Over the same period, McKnight funding in Greater Minnesota has increased from about 5.5 percent of the Foundation's annual grant totals to roughly 20 percent today—a significant expansion of McKnight's giving in rural Minnesota.

In 2002, McKnight provided an additional \$2.6 million to develop and implement a statewide initiative to help children prepare emotionally, socially, and academically to succeed in kindergarten. This marked the Initiative Foundations' first major collaboration toward a statewide goal.

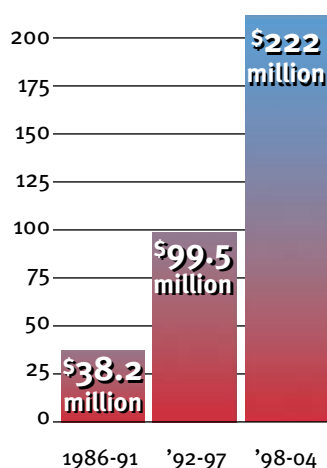
In 2003, the foundations also began closely collaborating on a regional economic development project to better align public and private resources to increase rural Minnesota's economic capacity.

What are their other sources of support?

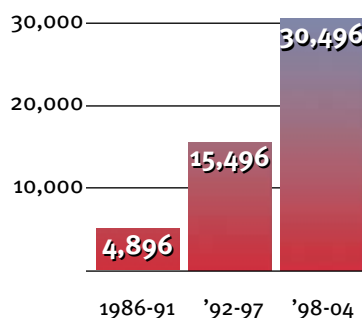
The Initiative Foundations raise money from governments, businesses, and individuals for programs and general operations as well as for their endowments. Since their inception, they have raised a total of \$137 million from sources other than McKnight.

INITIATIVE FOUNDATION ACTIVITIES 1986-2004

Dollar Value of Grants and Loans Made



Jobs Created or Sustained



The McKnight Foundation always intended that the Initiative Foundations would become self-sufficient. To that end, it has challenged the funds to establish endowments and to raise local money to match McKnight's contributions to their endowments. These endowments provide a financial base that will enable the funds to serve their regions long into the future. As of mid-2003, Initiative Foundation endowments totaled \$159.7 million and ranged in size from \$18.5 million to \$29.9 million. Their combined loan funds totaled \$131 million, bringing their combined assets to \$291 million.

What do the Initiative Foundations do?

Each Initiative Foundation has its own program that responds to needs specific to its region. Typical categories:

- human services, such as programs for youth, seniors, families, and emergency needs;
- employment and economic development, including business loans, technical assistance, employee development and training, and business development;
- leadership development;
- community capacity-building.

Often these programs are linked. For example, grants for childcare and transportation might help low-income people secure education, training, and paid employment. These grants then may complement the Initiative Foundations' economic development loans, which help create new businesses and expand employment opportunities.

How do the Initiative Foundations work with their communities?

The foundations touch many aspects of civic life in their regions. Their work can best be described as catalytic.

In human services, the foundations make grants and occasionally loans to nonprofit or public organizations, such as social service providers and schools. These organizations often work in partnership with local governments, business groups, or religious congregations to improve childcare, family life, English-language instruction, cultural diversity training, youth services, senior services, and other programs.

For business development, the foundations collaborate with banks, investors, business operators, and local, state, and federal financing programs, such as the Minnesota Department of Trade and Economic Development. Because their structure and philosophy permit risk-taking and encourage innovation, the foundations often can provide the gap financing that gets a project off the ground. Unlike many investors, the foundations consider their investments successful if loan paybacks continuously replenish their revolving loan funds and support administrative costs. Their ultimate investment goal is to strengthen their regions' economic vitality. They help create and expand businesses with strong prospects for the future and with jobs at a wage level that can support a family.

About The McKnight Foundation

The McKnight Foundation is a private philanthropic organization founded in 1953 by William L. McKnight and his wife, Maude L. McKnight. Mr. McKnight was an early leader of the 3M Company. The Foundation, however, has no affiliation with 3M. The Foundation assists nonprofit organizations and public agencies through five programs: Children, Families, and Communities; Arts; Environment; Research and Applied Science; and International. Most of the Foundation's grants are made to Minnesota organizations. For details, an annual report, or program guidelines, visit the Foundation's website at www.mcknight.org or call 612-333-4220.

Making a Difference



Initiative Foundation

The Initiative Foundation continues to integrate its community and economic development programs to respond to regional needs and opportunities. When a Brainerd area paper mill was forced to close its doors and lay off nearly 900 workers in 2003, the Initiative Foundation responded with a record business loan to Missota Corporation, who purchased the plant and put 260 employees back to work. A separate grant helped provide career counseling and support services to displaced workers.

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Counties served: Benton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Sherburne, Stearns, Todd, Wadena, Wright

Southern Minnesota Initiative Foundation

Southern Minnesota Initiative Foundation helps build stronger communities and businesses in 20 southern Minnesota counties. The foundation's community, business, and convening programs create economic and community vitality by building strong businesses with quality jobs, cultivating vibrant communities, and working with others to foster positive regional development. Lead programs include the Town Meeting Initiative, High Potential Business Program, Southern Minnesota Leadership Circle, and the Early Childhood Initiative. Each utilizes an asset-based approach to apply program, grant, loan, and convening capabilities toward the creation of meaningful opportunities for southern Minnesota residents.

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Counties served: Blue Earth, Brown, Dodge, Faribault, Fillmore, Goodhue, Freeborn, Houston, LeSueur, Martin, Mower, Nicollet, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, Winona

Northland Foundation

The Northland Foundation serves northeastern Minnesota through grantmaking, business loans, and the KIDS PLUS program. Launched in 1990, KIDS PLUS—the foundation's cornerstone for youth programming—is a comprehensive, multifaceted initiative that supports children and youth from birth to adulthood. Focus areas include technical assistance and support to communities; youth leadership; conferencing and training; and early care and education. About 70 percent of the foundation's grantmaking supports efforts to strengthen children, youth, and families. The foundation also plays a major role in developing financing to help create quality job opportunities to enhance the economic vitality of the region.

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Counties served: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

Northwest Minnesota Foundation

The Northwest Minnesota Foundation believes economic development in the 21st Century will be driven by knowledge and talent—which will gravitate toward communities that are attractive places to live and work. Natural assets are a critical element, so the Foundation has awarded grants to establish the Big Bog State Recreation Area, organize a project to enhance the Red Lake River Corridor, and improve habitat in Glacial Ridge, the largest prairie and wetland restoration effort ever undertaken. In the business arena, Ingenuity Frontier is a regional initiative seeking to sustain northwest Minnesota's place as a robust manufacturing sector by attracting and retaining engineering talent.

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Counties served: Beltrami, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Norman, Pennington, Polk, Red Lake, Roseau

Southwest Minnesota Foundation

To promote community health and wellness, the Southwest Minnesota Foundation supports parish nursing programs. Funding is provided for parish nursing start-up projects and scholarships, as well as educational outreach, consultation, and technical assistance to establish new programs. The Micro-Enterprise Program of the Southwest Minnesota Foundation has provided loans and technical assistance to start up or expand over 62 small businesses since its inception in 2001. The foundation also provides the services of a Hispanic business management instructor to help with numerous requests for entrepreneurial training from the area's growing Hispanic population.

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Counties served: Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac Qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, Yellow Medicine

West Central Initiative

The West Central Initiative was one of the first organizations in Minnesota to foresee and take action to address shortages of skilled workers. Since 1992, the West Central Initiative has supported the retraining of more than half of the manufacturing workforce in its region. As a result, the overall productivity of the region's manufacturing workforce has improved noticeably. On average, each retrained worker has received more than \$2,000 per year in increased wages upon completion of their retraining program.

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Counties served: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, Wilkin

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