



# Connecting the Dots

Policy and Funding Solutions to Support Thriving Minnesota Communities



Greater Twin Cities  
United Way



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## About Greater Twin Cities United Way

### VISION

A community where all people thrive, regardless of income, race or place.

### MISSION

We unite changemakers, advocate for social good and develop solutions to address the challenges no one can solve alone.



# Transforming Systems to Create a Region Where All People Thrive

The past three years have been challenging for our local communities and state. As we continue to deal with the lingering impacts of the pandemic, **we have the opportunity to enact positive policy and funding decisions based on what we've learned.** This year's state budget surplus, coupled with a renewed focus on nonprofit health and wellbeing, provides us an important window to "connect the dots" and transform our region.

Greater Twin Cities United Way is uniquely positioned within the Greater Twin Cities' and Minnesota's broader nonprofit and funder sectors. Our work spans multiple areas, including providing direct service through our 211 resource helpline and 988 Suicide and Crisis Lifeline, grantmaking and capacity building for over 100 local nonprofits, fundraising via our deep network of individual donors and business partnerships, innovation initiatives that are spurring systems-level change, and influencing policy and funding decisions via our advocacy efforts. In 2021, **we touched the lives of over 500,000** people in the Greater Twin Cities, driving community impact and transformation.

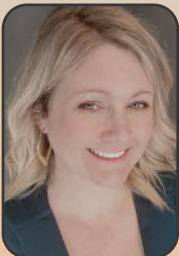
Because United Way has so many touchpoints, we have gained robust learnings related to community needs and solutions — and how changemakers including **policymakers, legislators, funders and nonprofits** can best support our region. Those learnings, as well as the input and lived experiences of stakeholders and constituents across the state, are reflected in this report, which is inclusive of voices of those who may not always be elevated in creating systems change.

Legislators can benefit from these learnings in a very concrete way, as we have an opportunity to not only collaborate on policy decisions and systems change in ways that integrate the experiences of people across the state, but also to understand the impact of these changes over time. Funders and other decision makers also can benefit by applying these learnings to investment and grantmaking decisions.

This report takes a deeper look at **four challenges facing our state** — underinvestment in organizations led by and serving Communities of Color, nonprofit sector workforce shortages, the benefits cliff and its impacts on working families, and increasing rates of homelessness — and provides concrete policy and funding recommendations to foster systems change and support a state where all people thrive, regardless of their income level, race or place of residence.

We look forward to partnering with you on these solutions.

With gratitude,



A handwritten signature in black ink that reads "Erin Flicker".

Erin Flicker

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## RECOMMENDATION #1

# Invest in organizations with Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color leaders to improve racial equity in our state

## The Current Landscape

Research shows that nonprofit program participants have greater outcomes when leadership reflects the people who are being supported, as leaders with lived experience in the communities they serve better recognize the assets and expertise across communities.<sup>1</sup> Yet, according to Minnesota Compass, **only 9 percent of nonprofit leaders in Minnesota identify as People of Color, despite representing 21 percent of the state population.**<sup>2</sup> This number would need to nearly double to represent the number of Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color (BILAPPOC) across the state.

This unbalanced power dynamic reflects the existing landscape of inequities in community development programs and outcomes. Race is the largest predictor of negative outcomes in housing, food, education and employment. **Racial diversity in nonprofit leadership is essential** to building trust and achieving sustainable impact with communities whose historical, cultural and racial identity has been systemically stereotyped, feared, dismissed or marginalized.

On one hand, lack of racial and ethnic diversity in nonprofit leadership can be attributed to organizational practices such as bias in recruitment and hiring and nonexistent or weak diversity, equity and inclusion commitments. On the other hand, it is important to closely examine how systemic barriers contribute to the diversity gap in nonprofit leadership, such as funding disparities in state grantmaking.

A report to the Minnesota Council of Nonprofits found BILAPPOC-led organizations are overrepresented across funding pools at Minnesota Department of Employment and Economic Development, Minnesota Department of Human Services (DHS), Minnesota Department of Health and Minnesota State Arts Board, but received roughly 10 percent of the dollars awarded from FY18 to FY20.<sup>3</sup> When disaggregated by agency, the dollars awarded for BILAPPOC-led organizations were more likely to be smaller and restricted. For example, **BILAPPOC-led organizations made up 13 percent of all DHS grantees but received nine percent of the total funding.**

*“We are deeply grateful for how Greater Twin Cities United Way has embraced racial justice and equity within the community, as it is a strong priority for our organization.”*

UNITED WAY FUNDED  
NONPROFIT PARTNER, 2021

<sup>1</sup> [https://ssir.org/articles/entry/effective\\_change\\_requires\\_proximate\\_leaders](https://ssir.org/articles/entry/effective_change_requires_proximate_leaders)

<sup>2</sup> Data reflects 2016-2020. People of Color terminology used by Minnesota Compass.

<sup>3</sup> [https://conservancy.umn.edu/bitstream/handle/11299/221980/Equity%20in%20MN%20Grantmaking\\_capstone.pdf](https://conservancy.umn.edu/bitstream/handle/11299/221980/Equity%20in%20MN%20Grantmaking_capstone.pdf)



## Our Approach

At United Way, we have been working to elevate Black, Indigenous, Latinx, Asian, Pacific Islander and People of Color by increasing available attention, money and resources for organizations led by and serving these populations. We do this through:

- The creation of a more flexible grantmaking request for proposals process, with a racial equity-centered rubric for our Community Investments multiyear grants.
- Prioritized programming designed and informed by people who are members of the communities who would be participating.
- Targeted allocation of resources to address specific assets and needs within Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color-led and serving organizations providing culturally specific programming for participants.

These efforts have resulted in a shift in our funded nonprofit partners to include more BILAPPOC-led organizations:



We also provide beyond-the-dollar support including public policy and advocacy, technical assistance, and connection opportunities for our nonprofit partners, which in turn strengthens the internal capacity of organizations with Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color leaders.

## How to Get Started:

**LEGISLATORS<sup>4</sup>:** Target resources toward development of current nonprofit leaders who identify as Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color to influence and change current systems and pipelines.

**FUNDERS<sup>5</sup>:** Solicit feedback, suggestions and learnings from Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color about what investments are needed for their respective communities.

**POLICYMAKERS<sup>6</sup>:** Strengthen equity-enhancing approaches in government grantmaking, such as improved flexibility in application and reporting requirements, increased administrative fees, and robust collaboration between nonprofits and government agencies.

**NONPROFITS<sup>7</sup>:** Support all leaders in learning about diversity, equity and inclusion (DEI) measures, ensuring consistent application of DEI values. This includes learnings and practices around how to shape board, staff, volunteers and funding strategies effectively and empathetically.

<sup>4</sup> For the purposes of this report, "legislator" refers to individuals who develop, introduce or enact laws and statutes at the local, tribal, state or federal level.

<sup>5</sup> "Funder" refers to people or organizations who provide money for a particular purpose. This money often is support for nonprofit organizations.

<sup>6</sup> "Policy maker" refers to agencies and entities that belong to the federal, state or local governments such as state departments, counties, tribes and other political subdivisions.

<sup>7</sup> "Nonprofit" refers to an entity organized under state law that is organized for purposes other than generating profit and in which no part of the organization's income is distributed to its members, directors or officers.



## RECOMMENDATION #2

# Stabilize the nonprofit workforce to improve our state's overall economy and well-being

## The Current Landscape

**The nonprofit sector in Minnesota plays an integral role in the state's economy**, paying \$24 billion in wages in 2021 and touching the lives of nearly everyone in the state. Trends show increased demand for nonprofit services across the state during the COVID-19 pandemic. The Minnesota Nonprofit Economy Report outlines significant workforce challenges facing Minnesota nonprofits, including high rates of staff burnout, experiences of racial injustice, economic strains, and a strongly competitive market as challenges in creating a secure workforce.

**Nonprofit organizations have consistently employed 14 percent of Minnesota's workforce**, with recent reductions in the numbers of employees starting in mid-2020. Despite the reduction in workers, nonprofits have seen 116 percent growth in demand for services between 1993 and 2021.<sup>8</sup>

**This workforce shortage translates into a myriad of challenges for organizations.** Understanding and preventing staff burnout, adapting programs to be more effective through collaboration and shifting responsibilities, and being able to address increasing needs with decreasing resources are solutions which can help expand our state's workforce capacity and ability to provide quality care.

*"Wages paid for this difficult work make it hard to attract and retain staff. We continue to operate with staff shortages even as demand for our services has grown. The [people] we are seeing face more barriers to housing than clients we've seen in previous years. **There are not enough programs to adequately meet the community's needs.** Individuals are perpetually underserved, and staff are perpetually overworked. Funding incentives that help attract and retain qualified staff are a direct investment in the quality of care we can deliver to our clients."*

UNITED WAY FUNDED NONPROFIT PARTNER, 2021



## Our Approach

We strive to create spaces that leverage partnerships across the community where nonprofits can learn from peers, build community and share best practices and resources.

COMMUNITY CONNECTION SERIES	COMMUNITIES OF PRACTICE	LEADERS UNITED (fka Council of Agency Executives)	GRANTMAKING CONNECTIONS
Brings together some of the brightest minds among our nonprofit partners, donors and the public, providing opportunities to share learnings, explore new ideas and discuss topics that are critical to helping our community thrive.	Bi-monthly gathering of school district partners, employer partners and community organizations centered on capacity building and student wealth building.	Comprised of nonprofit CEOs and other leaders from United Way's nonprofit partners focused on problem-solving and sharing learnings while providing support for each other.	Provides nonprofit partners with opportunities to do site visits, connect across service areas and dedicated United Way program officer resources.

We recently partnered with the Minnesota Council of Nonprofits to advocate at the state capitol for **stronger support and greater allocation of resources** to sustain a strong nonprofit sector, and we plan to partner again in 2023 to pursue legislative change.

If we are investing in wages and services, we also need to invest in the ways we support the field. **Our “80x3: Resilient from the Start” innovation initiative specifically focuses on improving retention as well as recruitment** and is seeking to better understand the many factors that contribute to workforce challenges in the field of early childhood education.

We have recognized the impact of this issue within our grantmaking. As such, the majority of our grants provide general operating funds, which provide flexibility for nonprofits to pay for salaries and benefits that would otherwise be considered overhead. We also specifically **created an indicator for organizations to improve retention of employees who identify as Black, Indigenous, Latinx, Asian, Pacific Islander and/or People of Color.**

## How to Get Started

**LEGISLATORS:** Increase administrative fees to reflect the true costs of service delivery and providing a decent livelihood.

**NONPROFITS:** Meaningfully participate in opportunities to share resources and information across sectors.

**POLICYMAKERS:** Increase flexibility for state grant and contract requirements issued by state agencies to help attract and retain nonprofit staff.

## RECOMMENDATION #3

# Mitigate systemic barriers and address the benefits cliff to disrupt inequities and support working families

## The Current Landscape

Nonprofits have long recognized the interdependence of systems that we all operate within. We surveyed our region to identify the policy issues most central to our communities, and through this inquiry, we determined that **mitigation of the benefits cliff** (a sudden decrease in public benefits that can occur with a small increase in earnings) promises to yield the greatest outcomes for Minnesota families.

Our 2021 advocacy survey brought the benefits cliff to our attention last year and it is now a leading issue. Respondents again noted the importance of addressing the benefits cliff in our 2022 survey, emphasizing that the benefits cliff sustains barriers for some Minnesota families in accessing affordable child care or child care assistance.

Multiple United Way 211 resource helpline call specialists highlighted the experiences of working families that seek to progress in their careers but fall slightly outside of the income requirements for Minnesota Family Investment Program (MFIP) and child care assistance programs.

Saint Paul Promise Neighborhood, a United Way-funded nonprofit partner recently released new data showcasing the impacts of the benefits cliff on 267 St. Paul families who have received public benefits. Data found that **99 percent of surveyed families had lost a critical benefit due to a small increase in income**. Approximately half of respondents had experienced losing multiple benefits, including critically needed housing or food assistance. When these benefits are lost, people experience a net loss of income as the value of the benefit lost outweighs the small increase in income.

These stories showcase the urgency surrounding addressing the benefits cliff and the need for solutions that allow these public programs to temporarily support families while they find economic stability. **Doing so allows more Minnesotans the opportunity to make a steady living and move into financial independence**, all while bolstering our state's currently strained workforce and supply chain.<sup>9</sup>



A St. Paul parent with a 4-year-old son shared the difficulty of accessing early education in their survey response. Because they earn just \$200 over the income guidelines, the family no longer receives benefits to access costly child care, which they need to go to work.



<sup>9</sup> Excerpt from Pioneer Press. Ellis, Knox: Let's address the 'benefits cliff' to help Minnesotan families climb toward economic security.

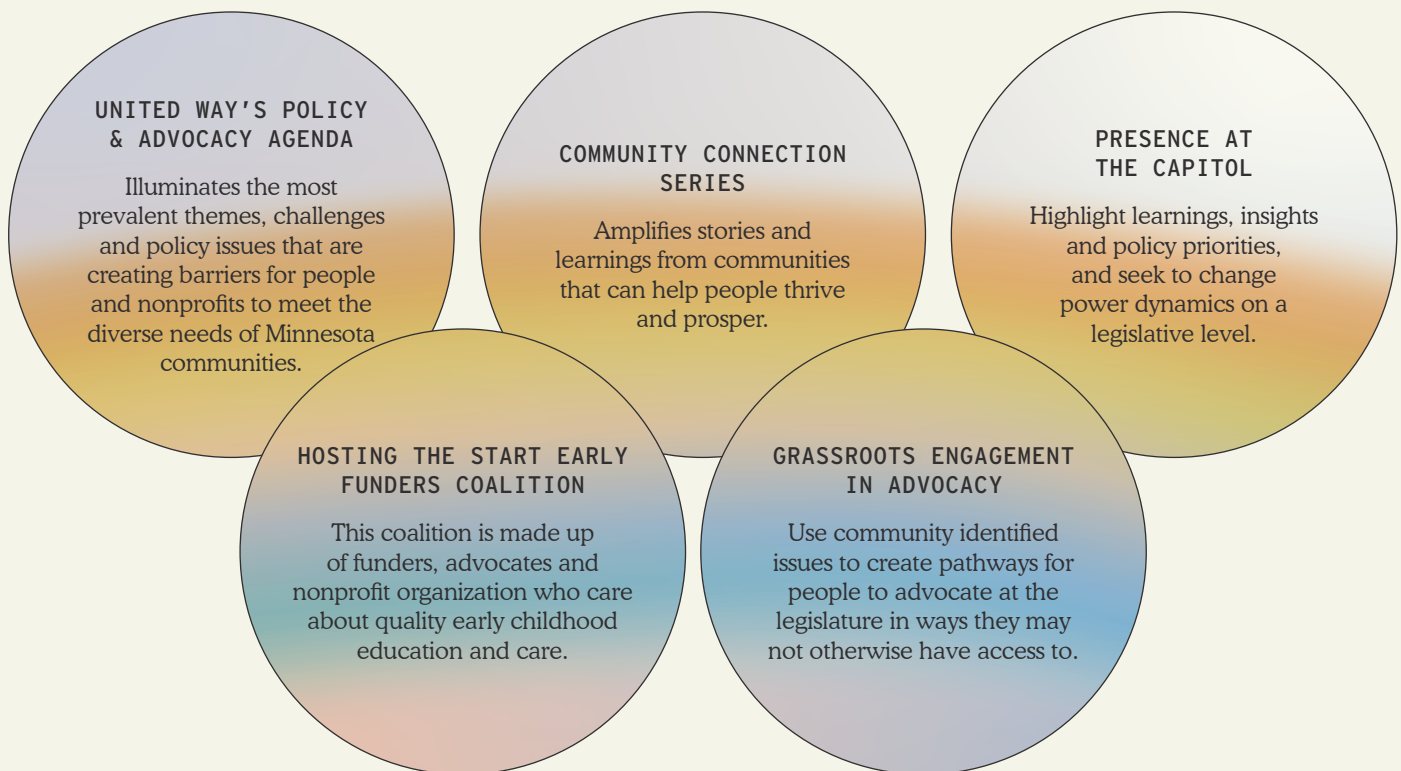


## Our Approach

### **We partnered with Saint Paul Promise Neighborhood to advocate for change around the benefits cliff.**

Last November, we collaborated to better understand how the benefits cliff was impacting parent participant lives and used this information to drive our advocacy work. This partnership resulted in proposed legislation to expand the budgeting period for MFIP from monthly to every six months and increasing continuous eligibility for Medical Assistance (MA) to 12 months.

### **Amplifying the voices and priorities of our nonprofit partners, 211 call specialists and those that work directly with our communities in designing our legislative agenda and priorities.**



## How to Get Started

**POLICYMAKERS & LEGISLATORS:** Advance policies that remove systemic barriers and mitigate the impacts of the benefits cliff to create pathways toward economic security for working families. Reform MFIP and MA benefits programs via six-month budgeting periods and 12-month continuous eligibility, respectively.

**EVERYONE:** Join Greater Twin Cities United Way's Advocacy Network to stay up to date and learn about advocacy engagement opportunities by visiting [gtcuw.org/act](https://gtcuw.org/act).

## RECOMMENDATION #4

# Prevent, rather than respond, to homelessness to foster a region where all people thrive

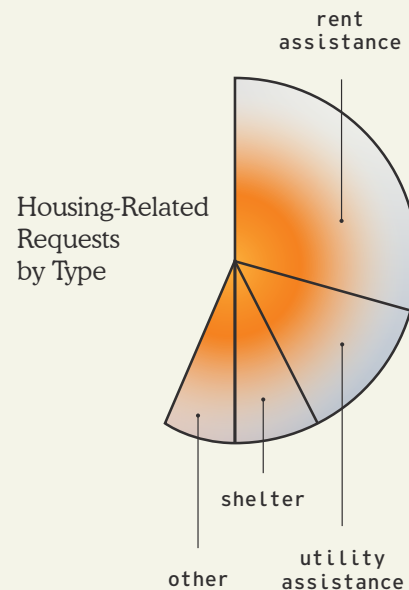
## The Current Landscape

More than **554,000 Minnesota households** spend more than 30 percent of their income on housing, and on any given night, nearly **20,000 Minnesotans experience homelessness**, with Indigenous and LGBTQIA+ youth the most affected. At the same time, more than 15,000 households in Minnesota face eviction each year, with over 90 percent of those cases simply being that they cannot afford rent payments. United Way's 211 resource helpline, which refers Minnesotans to community-specific resources, found **64 percent of calls in 2021 were related to unmet housing needs** — that number has increased to over 70 percent so far in 2022.

There are multilayered systems that support housing stability, including quality early child care and adult education systems, sustainable employment, life skills training, culturally responsive health care and mental health services. Therefore, a **holistic, equity-centered approach is necessary** to address the current housing challenges facing our region.

We know that individuals at risk of or experiencing homelessness face a variety of barriers to accessing and maintaining safe, stable and affordable housing. Many of the nonprofits and government agencies that respond to homelessness in our state provide a holistic set of proven services, such as case management, rent assistance, job training and mental health care. These supports are known to help people experiencing homelessness achieve stability and prosperity.

However, data from 211 and our partners highlights the ways in which **the homelessness response system does not fully align within the region**. Available resources are not accessible to all and vary dramatically by both location and timing. There is a need for additional and ongoing collaboration and alignment.



***“Funders need to understand that money alone will not solve homelessness. We will continue to struggle with homelessness until we can take a realistic look at the institutions and systems at play that set families and youth up for challenges or failure ... Until we shift how these systems operate, we will continue to have a steady stream of individuals experiencing homelessness that will need our services.”***

UNITED WAY FUNDED NONPROFIT PARTNER, 2021





## Our Approach

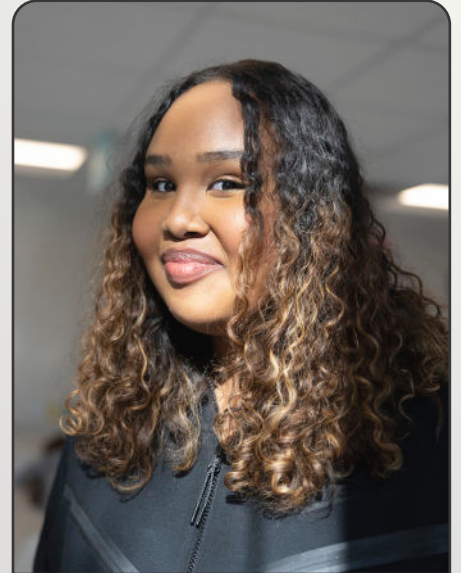
We continuously work toward stable housing for all to make sure homelessness is rare and nonrecurring.

- Through our 211 and 988 programs, **we are working with state and county agencies to improve the experience for people seeking housing and mental health services** in our region. For example, building upon our work with COVID emergency rent assistance to coordinate access to services across various county jurisdictions and services providers.
- Our Pathways Home innovation initiative will transform the housing system to **provide holistic services and prevent homelessness** for youth exiting foster care and people who are transitioning out of incarceration.
- We advocated for **policy changes during the pandemic to help keep people stably housed** when many Minnesotans experienced financial hardships and had a higher risk of eviction.

## How To Get Started

**POLICYMAKERS & LEGISLATORS:** Support stable, affordable housing through eviction reforms and the preservation of affordable housing, including implementing a 14-day pre-eviction notice and eviction expungement as well as expanding the use of Housing Infrastructure Bonds to include the development of affordable homes for households at or below 60 percent of the area median income, with priority for those at 30 percent.

**FUNDERS:** Prevent homelessness by expediting and centralizing access to emergency housing assistance.



*“It is the responsibility of all of us — funders, service providers, community members, community leaders and elected officials — to invest time and energy in systems change work. We all need to commit to being at the table when decisions are made and making space for those historically excluded from them.”*

UNITED WAY FUNDED  
NONPROFIT PARTNER, 2021

Please contact Erin Flicker at [Erin.Flicker@gtcuw.org](mailto:Erin.Flicker@gtcuw.org) to learn more about the solutions proposed in this report. Learn more about Greater Twin Cities United Way at [gtcuw.org](http://gtcuw.org).

# Change- Makers Unite



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