

More needs, fewer dollars Academy builds skills in 'Hard Hats' program

By Robert Franklin

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For Loretta McGhee, “carpentry opens a huge field. I want to be a builder.” So here she is at age 39, with eight other students, learning how to do drywall in a rundown, unheated Minneapolis house.

Two “retired” carpenter-entrepreneurs are teaching building techniques to this class that is diverse by ethnicity, age and gender. They are teaching other subjects, too - teamwork, safety, discipline, leadership.

The class, run by Summit Academy OIC, is on the cutting edge of nonprofit trends. Hit with a 23 percent funding loss, Summit bounced back to do “an astoundingly good job” of adjusting, according to consultant Kate Barr.

Summit is among those nonprofits that are restructuring and adapting - the same things private-sector companies started doing two years ago when economic expansion first gave way to recession and, then, tepid recovery.

With a \$5.3 million budget - before cuts - Summit was “big enough that they've got a lot of everything,” said Barr, executive director of the Minnesota Nonprofit Assistance Fund. “They've looked at every option. I'm really impressed with how they've handled it.”

Nonprofits have a lot to handle these days, especially nonprofits doing social-service work. For many, demand for their services is up. Foundation grants are down. Individual giving is down. Government cutbacks are hitting in full force.

And, Barr said, “what we're seeing with the government cuts is whole programs being chopped,” especially “preventive” programs such as after-school tutoring and youth violence prevention.

Nonprofit groups have been making their case to the public and legislators. And they've developed some creative responses in fundraising, administration, role-playing meetings and brainstorming.

The mission at Summit Academy, run out of a former strip mall on Olson Memorial Highway in north Minneapolis, is to prepare individuals “to assume their roles as workers, parents and citizens.” It reported serving 865 people last year, with much of the income from government contracts or tuition assistance.

But earlier this year the staff was forced to cut after planning to grow, and to think about crisis scenarios and long-range planning, Chief Executive Louis King said. The upshot:

Exit strategies. “We got out of the things that were not part of our core mission,” King said. That meant ending a youth construction training program when its federal funding ran out; cutting off a welfare-to-work program (“If the economy is laying people off, how do you put people to work?” King said) and quitting construction for hire (“We were getting killed. We were the last ones paid).”

New priorities. “We decided to focus on those things that we were Number 1 or Number 2 in,” said King, a former Minneapolis School Board member.

One is the 100 Hard Hats program that is training McGhee and other students for carpentry or plumbing construction apprenticeships, trying to get 100 people of color into building trades jobs starting at \$11 to \$16 an hour. Some will be in government-financed construction, and “government projects tend to be bulletproof, even in a downturn,” King said.

Other “bulletproof” programs, he said: Training Somali immigrants to become personal-care assistants who can aid Minnesota's aging baby boomers; programs to help youth who are in permanent foster care or have failed basic standards tests in Minneapolis schools.

Downsizing. Summit cut staff from 75 to 53, mostly out of middle management. It also combined the jobs of chief operating and chief financial officers and adjusted benefits and vacations. King, whose base pay is \$115,000, said he and others went without bonuses.

Fundraising. Summit ramp-ed up fundraising with a golf tournament that netted \$80,000 last summer and a current annual campaign that has attracted challenge grants of \$100,000 each from three couples well-known for their philanthropy - Bill and Nadine McGuire, Tom and Mari Lowe, Larry Hendrickson and Barbara Forster. Summit also won an endorsement as a good investment from Peter Heegaard, a well-known philanthropist and retired trust company executive.

Brainstorming session

The wave of financial troubles hitting nonprofits is “a perfect storm, but also a perfect opportunity” to work together, United Way vice president Terri Barreiro told about 40 nonprofit executives and board members who gathered last month at the International Institute of Minnesota.

They came to exchange ideas about surviving the storm, and Hal Fotsch had one.

If a college can get a donor to endow an academic chair, “why couldn't you fund a position” for a nonprofit? asked Fotsch, chairman of Merriam Park Community Services in St. Paul.

Other ideas: Give away some programs to a group that can do them better. Enlist more support from board members who are business people (“they've also walked down this road”). Build a better long-term donor base. Join together to get group health insurance for employees.

Nonprofits already have joined in many ways. The Metropolitan Alliance of Community Centers performs financial and technology services for its members, and merging “back-room” functions led to a combination of Minneapolis and St. Paul United Ways.

Workers at one nonprofit took a 10 percent cut in wages and hours so nobody would lose a job, Barreiro said later. Some youth-serving groups have reduced the days of the week when programs operate. Some groups have cut administration, even though government agencies are requiring more administrative reports.

At the Minneapolis Convention Center, nonprofit officials considered a “what if?” case study sponsored by U.S. Bancorp. What programs, facilities or staff might a nonprofit cut, merge or spin off in a financially troubled time?

Some advice from the discussion: Consult the people you serve and your staff. Set aside pride of ownership. Talk to your banker, accountant, attorney. Assess. Plan. Keep people informed, because “rumors are always worse than reality.”

A big breakfast

Neighborhood House, a 106-year-old fixture on St. Paul's West Side, invited 500 people to breakfast to hear a pitch for money - and they came.

The 8 a.m. breakfast of fruit and muffins, paid for by a donor, was held at the Radisson Riverfront Hotel in downtown St. Paul and was limited to a one-hour pitch.

Guests heard how Neighborhood House helps meet basic needs of food, housing, jobs, health care and transportation, how it promotes civic engagement, recreation, cultural traditions of the Latino, Hmong, East African families and others it serves. Tabletop cards quoted the St. Paul city clerk, a school principal and others who told how Neighborhood House became “a safe haven” or “saved my life.”

The breakfast idea has been used successfully by some other nonprofits, said Susan Rostkoski, vice president for resource development. For Neighborhood House, it drew five-year pledges of more than \$180,000.

In north Minneapolis, Summit students are working on a “lab house” given over for their training by the Minneapolis Community Development Agency. “It’s beautiful for training,” said William Strader, one of two carpenters teaching this crew. “They learn every aspect of the house,” tearing walls down to the lath and then rebuilding.

Students are referred to the 20-week program by job counselors, other nonprofits and sometimes by courts. They express enthusiasm for the program. “I would recommend it to anybody,” McGhee said. Added 19-year-old Antoine Adkins: “I do things I’m actually going to make a career out of.”

Summit offers the plumbing program in partnership with Dunwoody College of Technology, and a partnership with a paint maker is in the works.

“I went through a program like this about 40 years ago,” said instructor David Myers, and it enabled him to run successful businesses and send his children to college. Of Summit students, he said, “We’ve got so many people doing so well...making good money, supporting their families.”