SERVICE Fund (Supporting Equitable Recovery via Intermediary Capacity Enhancements Fund)

OVERVIEW

BACKGROUND
From 2021 to the end of 2024, Minnesota is poised to receive over $8.5 billion in federal funds through the American Rescue Plan. These funds will come into the state through various levels of government, and there will be diverse decision-making processes for their distribution. In addition, the state of Minnesota has a historic $9+ billion surplus in 2022, some of which will likely be used to support community recovery. Significant funds will flow to nonprofit intermediaries to carry out the work to implement Minnesota’s recovery from the economic impacts of COVID-19. This is an incredible moment, and an unprecedented opportunity for the state of Minnesota.

While it is an incredible opportunity that substantial resources will flow for critical recovery work in the community, government grants are often experienced as “expensive money”. Frequently, sizeable government grants require dedicated staffing, finance infrastructure, federal or state audits, legal and compliance oversight, and other cumbersome grants management components that are often not available in small organizations. The allowable administrative fee is typically quite low (4 - 5% can be common), often meaning that only those that have the infrastructure currently in place can be grant recipients. This leaves out many organizations and runs the risk of distributing the resources in a way that is not equitable throughout the community, and does not reach small organizations, communities of color, and other communities often left out by traditional policymaking and resource allocation. As a result, nonprofit intermediaries are often utilized to distribute funds to reach a broader set of organizations in need of recovery resources, like small businesses and nonprofits.

Intermediary funders are well positioned to receive public funds and distribute them in smaller grants to the community, addressing the issues of equity and access to resources. Intermediary funders can include community foundations, Minnesota Initiative Foundations (MIFs), grantmaking public charities, Community Development Financial Institutions (CDFIs), and other intermediaries. Many of these organizations have already served as intermediaries for relief funds from federal, state and local government and foundations in 2020 and 2021, given the public sector’s limited grantmaking capacity and the high volume of dollars coming into the state. These intermediaries are playing an important role in ensuring that federal funds are distributed broadly to the community, including to small organizations.
Many intermediaries learned in 2020 and 2021 that they needed increased resources and support in order to be more equitable and effective. In particular, intermediaries would have benefitted from flexible funds to support their work and the equitable distribution of public funds. This could include funding for extra staffing or consulting support, outreach materials and translation services, grantee technical assistance, grantmaking compliance systems upgrades, legal needs, and more.

Minnesota foundations are committed to the equitable and broad distribution of public funds to typically under-resourced communities. The Supporting Equitable Recovery via Intermediary Capacity Enhancements (SERVICE) Fund was created to help provide flexible funding to support intermediaries that are re-granting federal, state, and/or county funds for COVID relief and recovery efforts in Minnesota.

GOALS OF THE SERVICE FUND

- Help set up nonprofit intermediaries to be successful in re-granting unprecedented volumes of public funds to support COVID-19 relief and recovery
- Support equitable distribution of public funds to promote an equitable recovery
- Support distribution of public funds to nonprofits, particularly smaller, under-resourced nonprofits and nonprofits that serve BIPOC communities

ELIGIBILITY

The SERVICE Fund will provide grants to nonprofit intermediaries that are re-granting federal, state, and/or county funds for COVID relief and recovery efforts in Minnesota. Eligible intermediaries must have already been selected as an intermediary to distribute public funds in Minnesota. Eligible intermediaries must be re-granting public funds to other organizations, not solely offering loans. For example, an eligible intermediary would likely already have a contract to serve as an intermediary with a state agency or another Minnesota government entity for COVID-recovery related grant program(s). Given that new programs are being developed during the 2022 legislative session, intermediaries that have been designated as intermediaries in state statute for programs that are signed into law during the 2022 session are also eligible.

Intermediaries that are currently re-granting public funds for COVID relief and recovery efforts or have been selected to do so and haven’t yet started, are eligible to apply. Intermediaries that have concluded their work on these efforts are not eligible to apply.

TIMING & HOW TO APPLY

The application process will close on June 10th. Only organizations that have been selected to serve as public intermediaries for COVID relief and recovery purposes by June 10th may apply. Funding decisions will be made before June 30th.

FUNDING CRITERIA

The following criteria will be considered when reviewing the proposals:

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• Impact of Funding on Intermediary’s Capacity. Requests should aim to support the capacity of the intermediary. Requests that create or enhance capacity that can be utilized by the intermediary into the future will be prioritized.

• Impact of Funding on Equitable Distribution. Requests should aim to support intermediaries in their efforts to equitably distribute public funds.

• Intermediary’s Impact on Nonprofits. Special consideration will be given to intermediaries that are distributing public funds to nonprofit organizations, particularly nonprofits that are smaller and under-resourced and nonprofits that serve BIPOC or other historically marginalized communities.

This is a statewide pooled fund. Consideration will be given to the overall distribution of grants from this fund and the geographic reach of the intermediaries receiving grants from this fund.

QUESTIONS

• For questions related to eligibility criteria and funding, please contact Katina Mortensen.

• For questions related to the online grant portal, please contact Kristen Cullen.

ORGANIZATION INFORMATION

Organization Name - Application*
Character Limit: 100

Primary Contact Name:* 
Character Limit: 100

Primary Contact Phone:* 
Character Limit: 100

Primary Contact Email (Application):* 
Character Limit: 100

If awarded, we will be paying the grant by check or wire transfer. Please complete the contact information below for who we can work with on grant payment.

Name:* 
Character Limit: 100

Title:* 
Character Limit: 100
PROPOSAL INFORMATION

Intermediary Role for COVID-19 relief and recovery*
The SERVICE Fund will provide grants to nonprofit intermediaries that are re-granting federal, state, and/or county funds for COVID relief and recovery efforts in Minnesota. Describe how your organization is involved as an intermediary re-granting public funds. Which public program(s) are you supporting? Which public entity(ies) are you working with? Please see the definitions below to confirm you are eligible:

Eligible nonprofit intermediaries must have already been selected as an intermediary to distribute public funds in Minnesota. Eligible intermediaries must be re-granting public funds to other organizations, not solely offering loans. For example, an eligible intermediary would likely already have a contract to serve as an intermediary with a state agency or another Minnesota government entity for COVID-recovery related grant program(s). Given that new programs are being developed during the 2022 legislative session, intermediaries that have been designated as intermediaries in state statute for programs that are signed into law during the 2022 session are also eligible.

Organizational Capacity*
How, if at all, has your organization’s capacity been impacted by serving as an intermediary for public funds? How, if at all, has your capacity been challenged and/or strengthened? How might this grant support your organizational capacity – now, and potentially into the future?

Equitable Distribution of Resources*
In the public COVID-19 relief and recovery program(s) your organization is involved in as an intermediary, how, if at all, is equity being considered? How might this grant support your organization in promoting a more equitable distribution of public resources?

Program Beneficiaries*
In the public COVID-19 relief and recovery program(s) your organization is involved in as an intermediary, who benefits from the program(s) (e.g. child care providers, minority entrepreneurs, human services nonprofits, etc.)? Are nonprofits eligible to receive funding? This question is specifically focused on the end-recipients of the grants.
Request Summary*
Please provide a brief summary of your request (2-3 sentences).

Geographic Area(s) Served*
In which regions of the state do the nonprofit organizations you will support do their work? See geographic regions at MN Compass: http://www.mncompass.org/profiles.
Please check all that apply.

Choices
Central
Northland
Northwest
Southern
Southwest
Twin Cities
West Central

Grant Request Amount*
MCF anticipates that most grants will be $25,000 - $150,000.

Use of Funds*
How will the grant funds be used?

Role and Timeline*
As an intermediary re-granting public funds, describe the role of your organization and the timeline for redistributing resources to end-recipients.