



Funding Pathways to Prosperity

October 24, 2013



My Presentation

Missouri Economic Development Council
Discovering Your Hidden Talents
Columbia, Missouri



Let's Start with Prosperity
Big Picture View
Development Funding
Inspiration from the Field
Questions & Discussion



A Decade of Field Work




The areas with STARS are locations where the Center has completed projects.





Prosperity?



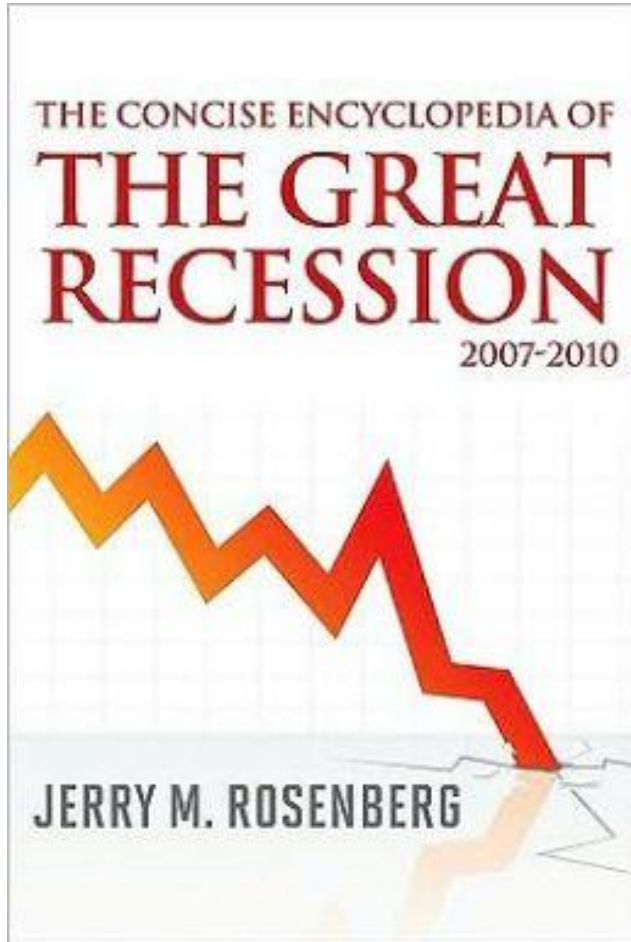


Big Picture

Economic Development Opportunities in the Post-Great Recession Economy and Society.



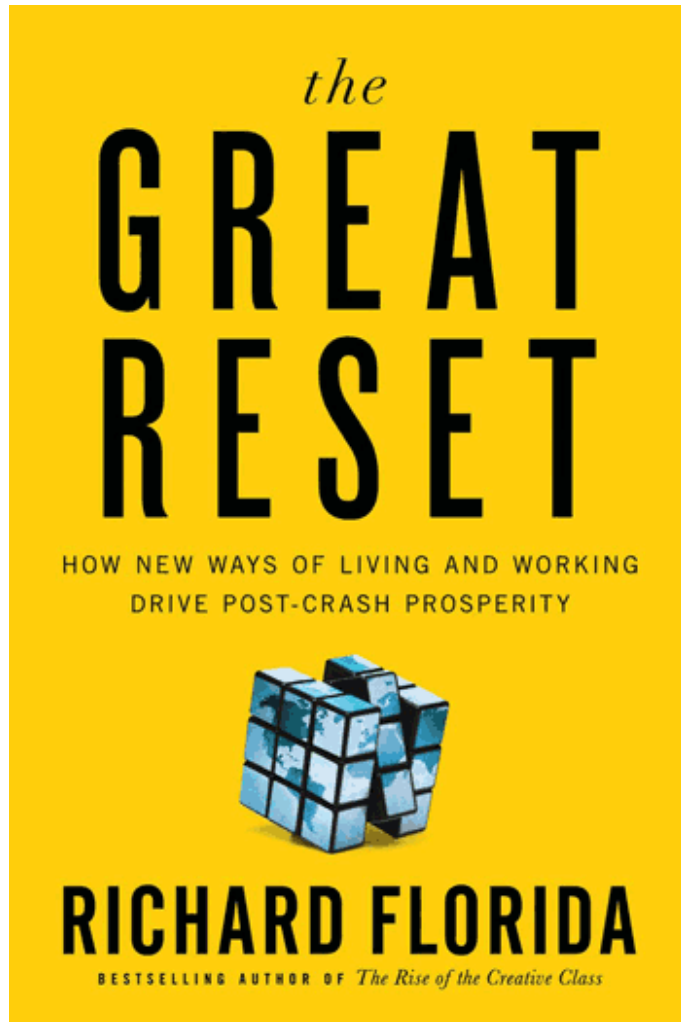
Great Recession



The most significant economic event in our lifetime!

A new economic and social world will emerge from this recession.

Great Reset



Space exists in our economy and society for creativity and innovation that can lead to a new round of economic and social progress and prosperity.

The Long Depression of the 1870s and the Great Depression of the 1930s is evidence that this can be the case with the Great Recession.

**This is called the
Great Reset!**



The Reset Process



Illustration – 1995-2001

The Great Expansion

The 1990s were a remarkable period in American economic development history. During the 1990s, household net worth grew by a remarkable \$22 trillion. No other decade since World War II posted such wealth creation in United States including the 1950s, 1960s and the 1970s.

Booming 1990's

3.7 Million

More Businesses

\$5 Trillion

More Sales

28 Million

Net New Jobs



Illustration – 2001-2009

By the Numbers

Businesses: +5.9 million (37%)

Net gains in new businesses actually rose!

Jobs: -11 million (-6.4%)

For the 96 months during this period net job destruction averaged nearly -115,000/month

Sales: -\$973 billion (-5.0%)

www.youreconomy.org

Edward Lowe Foundation

Challenged 2000's

6.7 Million

Jobs Destroyed

\$500 Billion

Sales Contraction

6.4 Million ?

More Businesses



Largest Employers Shed **9.5** Million Jobs

99,000 Jobs Loss Per Month

Smallest Employers Created **8.8** Million Net New Jobs

92,000 Jobs Gained Per Month

Self-Employment Grew by **93%**

3.3 Net Gain in Self-Employed Ventures



First Year of the Recovery

2009-2010

Largest Employers Shed Over **1 Million** More Jobs
or **-113,000** per Month

Smallest Employers Created **6.8 Million** Jobs
or **569,000** Jobs per Month



IN JUST 1 year,
2.5 Million NEW
ENTREPRENEURIAL
startups!



Results in for 2009-2012

Self – Employment Dropped

↓ **146,241** or ↓ **2%**

Stage 1 **Ventures**

(2-9) employees

↑ **2.6** million more businesses +21%

↑ **6** million more jobs +28%

↑ **\$371** billion more in Sales





Defense Contractors
Government Contractors
Supply Chain Companies



Immigrant Talent
Graduate Students
Safe Harbor Immigrants

Entrepreneur Opportunities



Under-Employed Talent
Un-hired Graduates
Displaced Talent



Business Failures
Retirees
Women

Employment Shifts – 3 Waves

Pre-World War II

Self-Employment – Smaller Local Employers

World War II into the 1990s

Large Corporations, Government & Non-Profits

1990s through to Today

Swelling Self-Employment & Smaller Ventures



Navigating Change



Economic Development Funding

Across America
Communities and Regions
are Struggling to Find
Robust Funding for
Economic Development.





Local Responsibility



No community can take its future for granted. Remember Detroit? Every community must create its future. Development is a local responsibility. Central to community success in the 21st Century is creating and supporting an environment for entrepreneurial behavior.

Robust Investment Required



**Communities
must be renewed
socially and economically.**

There must be constant private and public investment if a community is to renew itself.

- 1. Public Funding**
- 2. Leveraged Private Investment**
- 3. Community Philanthropy**

Outcomes of an E Community



Economic Opportunity Broadly-Held Community Wealth

Entrepreneurial communities are typically better at generating three important economic, social and civic outcomes...

- 1. Economic & Social Diversity**
- 2. Resilience from Shocks**
- 3. Higher & Sustained Prosperity**



We Must Dream Again



Two Illustrations...

Linn County, MO

2010 CNW = \$830 Million
10-Year TOW = \$260 Million
5% Giveback = \$13.08 Million
5% Payout = \$650,000
10-Year Impact = \$6.5 Million

50-Year TOW = \$1.99 Billion
5% Giveback = \$99 Million
5% Payout = \$5 Million
10-Year Impact = \$50 Million

Boone County, MO

2010 CNW = \$11.51 Billion
10-Year TOW = \$3.14 Billion
5% Giveback = \$157 Million
5% Payout = \$7.86 Million
10-Year Impact = \$79 Million

50-Year TOW = \$53 Billion
5% Giveback = \$2.6 Billion
5% Payout = \$131 Million
10-Year Impact = \$1.3 Billion

Imagine what this could mean?



Unlocking Your Transfer of Wealth Potential



Community Development Philanthropy

Community Development Philanthropy



COMMUNITY
DEVELOPMENT
PHILANTHROPY
Transfer of Wealth

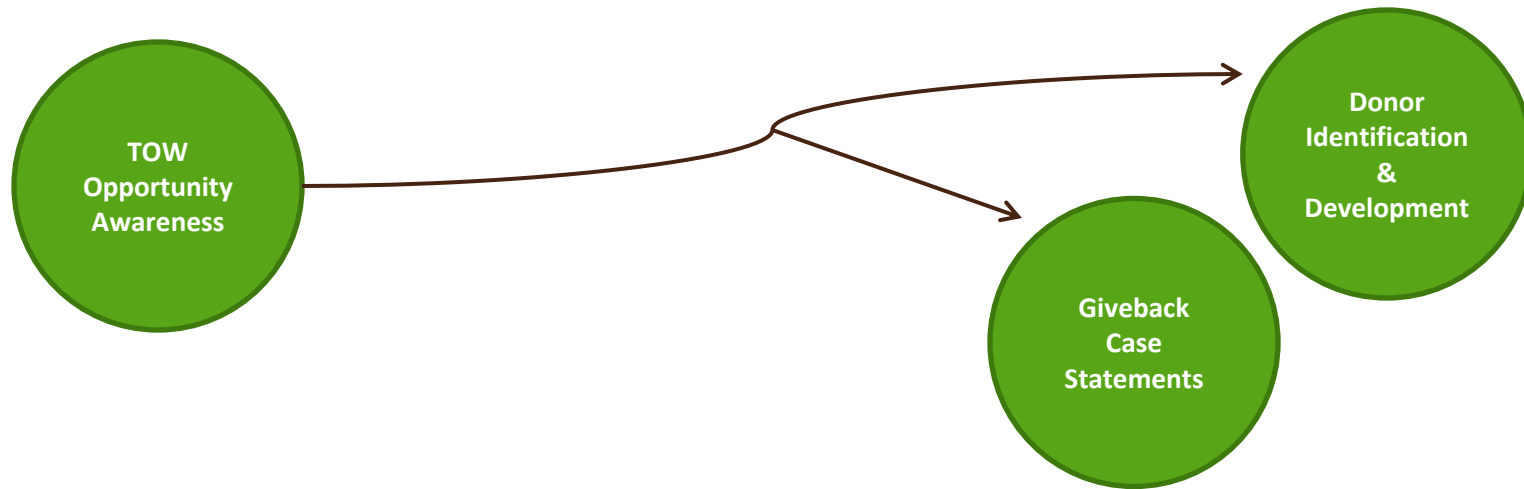
TOW
Opportunity
Awareness



Community Development Philanthropy



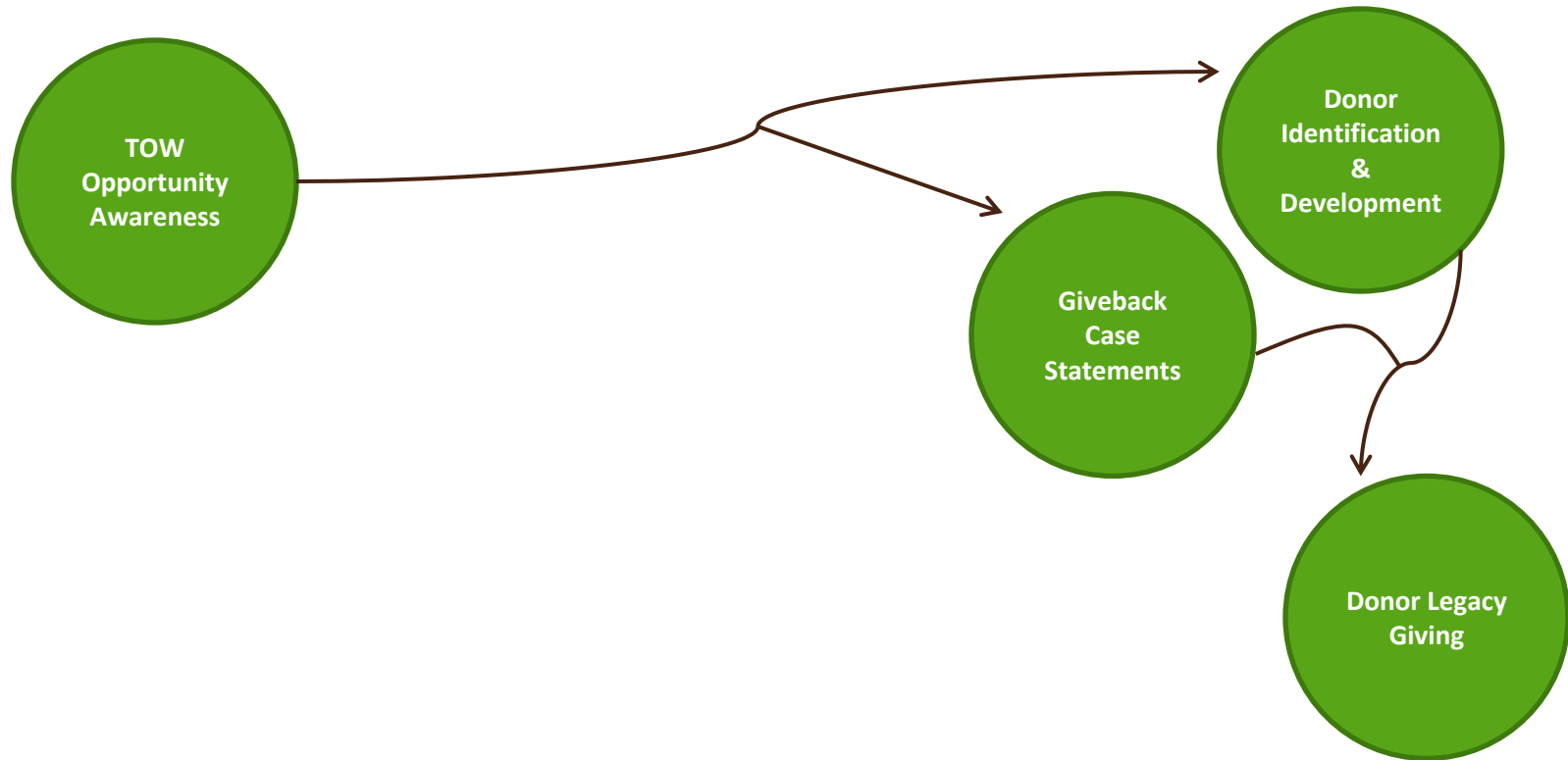
COMMUNITY
DEVELOPMENT
PHILANTHROPY
Transfer of Wealth



Community Development Philanthropy



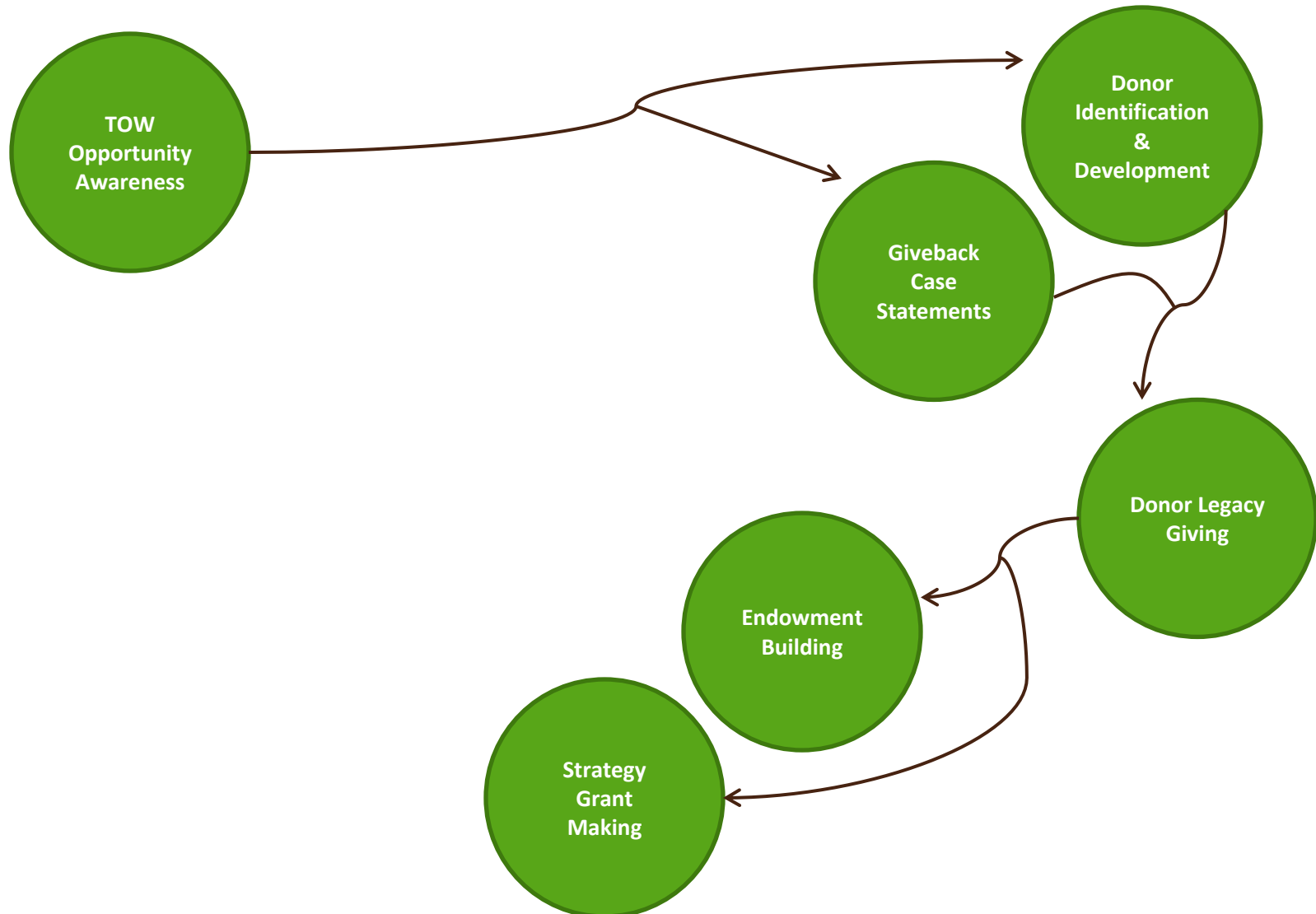
COMMUNITY
DEVELOPMENT
PHILANTHROPY
Transfer of Wealth



Community Development Philanthropy



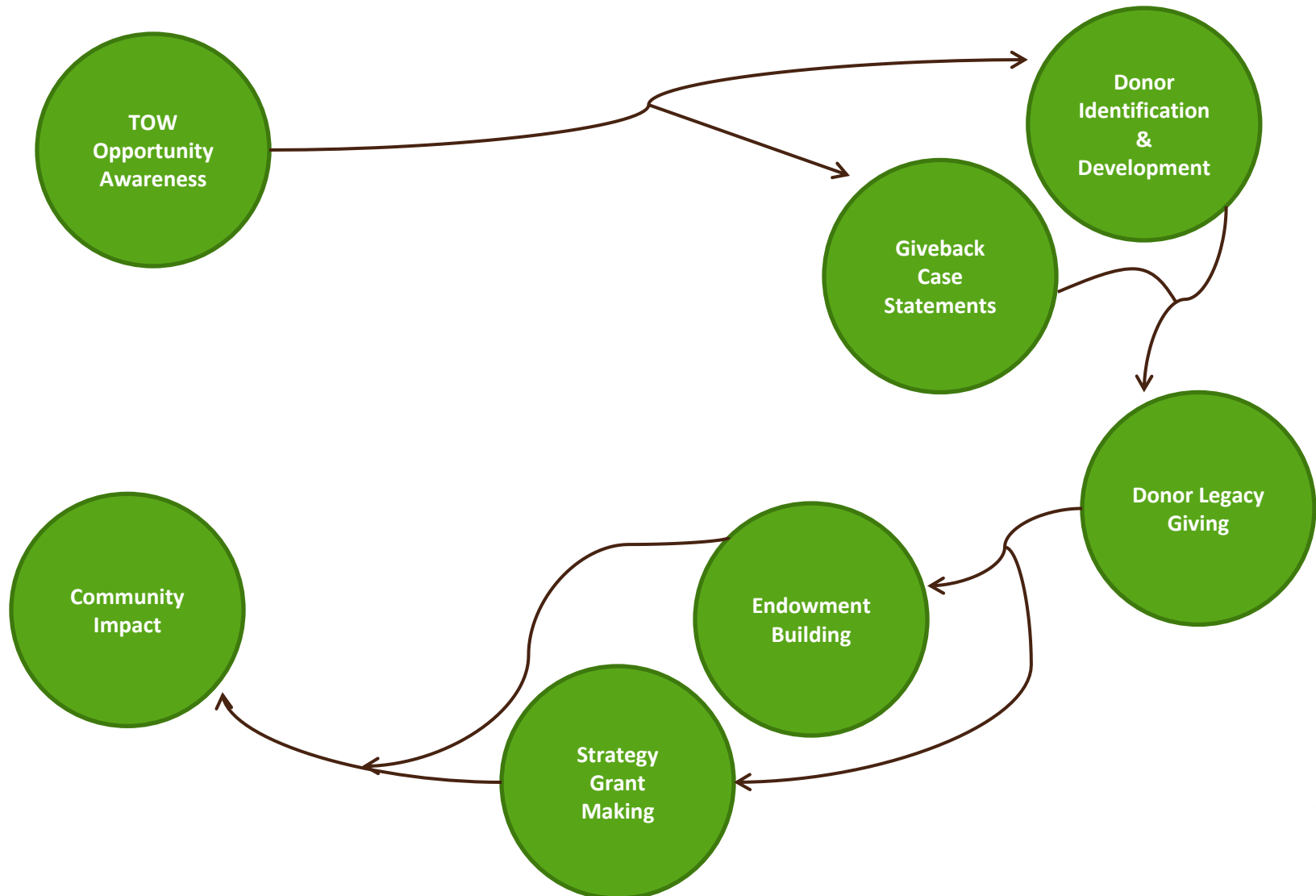
COMMUNITY
DEVELOPMENT
PHILANTHROPY
Transfer of Wealth



Community Development Philanthropy



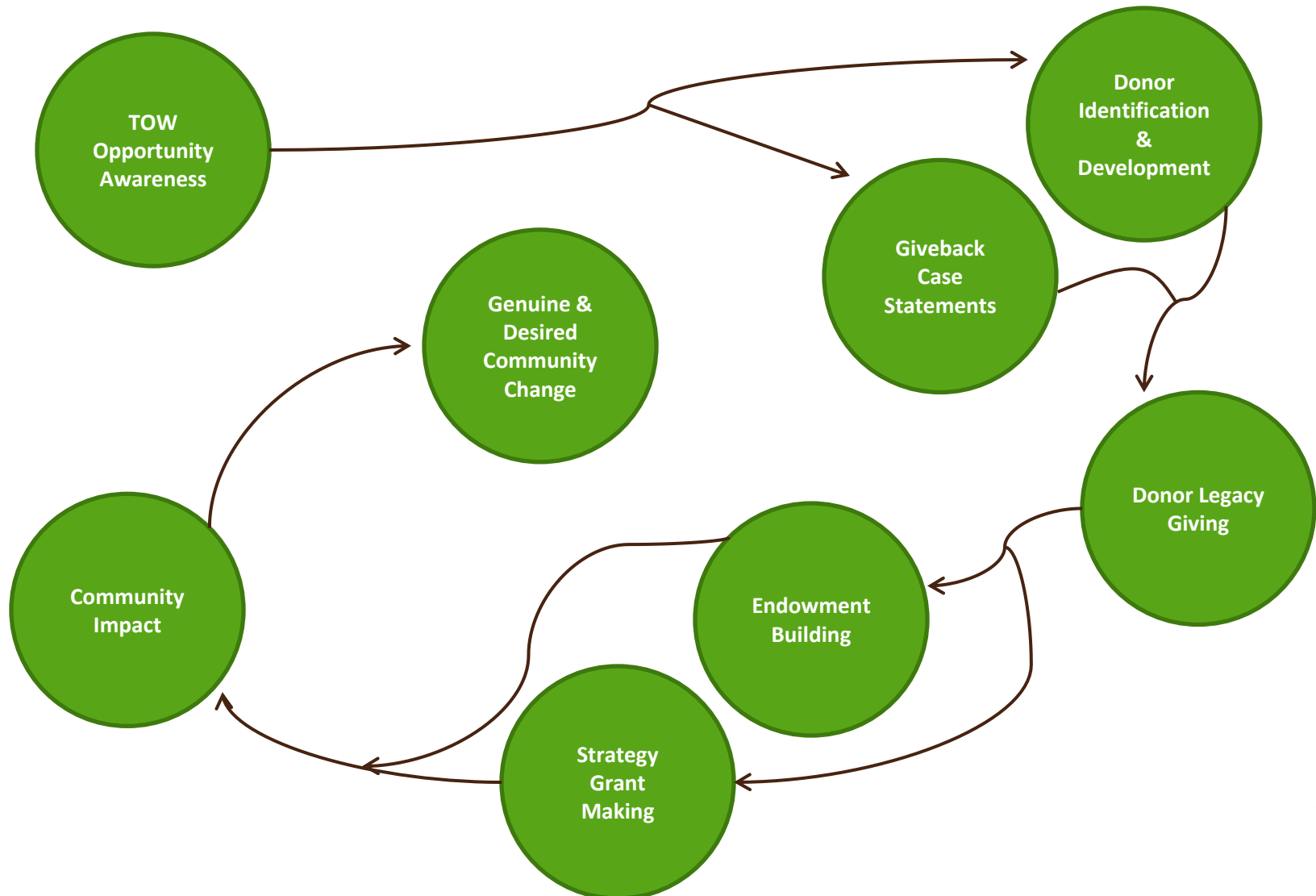
COMMUNITY
DEVELOPMENT
PHILANTHROPY
Transfer of Wealth



Community Development Philanthropy



COMMUNITY
DEVELOPMENT
PHILANTHROPY
Transfer of Wealth





Endowment Building

Not All Gifts are Gifts

While every gift is probably given from the donor's heart, some gifts should not be accepted including real estate of questionable value or a truck load of goats that cannot be readily sold, and the like.

Commodities

In farming and ranching communities, gifts of commodities are common. Whether bushels of grain or a portion of a livestock sale, these gifts can help beloved hometowns, and they can provide tax advantages to the donor.

Appreciated Assets

Appreciated assets such as stocks, bonds and interests in closely-held family businesses are likely giveback assets in most communities. Helping donors develop solid financial planning abilities provides a way in which some of these assets can be gifted while ensuring maximum transfer of wealth to heirs and non-local charities.

Royalties

In energy, timber and mineral communities, gifts of royalties can be a powerful giveback opportunity. Given the boom and bust nature of this kind of development, royalty-based gifts are most likely and can provide important tax advantages to the donor during the boom phase of the area's development.

Planned Gifts

Donors need not wait until they pass to make a legacy gift. Philanthropic and tax policy provides numerous avenues for planned gifts that can be made during the donor's life. Annuities are just one of many vehicles that can ensure the donor receives income from the asset he/she has given to a philanthropic cause or organization.

Life Insurance

Paradox Region Donors

- In the Paradox Region, there are four types of donors:
- 1) current permanent residents living in the community,
 - 2) landowners who call your community home,
 - 3) regular visitors who own real estate in your area and
 - 4) former residents who still care deeply.

Legacy
Society
Builders
Club

Endowment Gifts

Legacy gifts to permanent endowments come in many ways and types. Different donors with different assets will make unique gifts. The following illustrates some of the kinds of gifts that are likely to be received.



Shirley Kreutz Bennett

Retired Educator and Major Donor



Shirley Kreutz Bennett

Shirley grew up in rural Nebraska, moved away and became a professor. She returned to Nebraska and created a fund to help community libraries in places under 3,000 population. Her fund will make \$70,000 available each year for library grants throughout Nebraska.”



Frank and Shirley Sibert

Giving Back to Hometown Red Cloud



Frank & Shirley Sibert
Valentine, Nebraska

Frank and Shirley grew up in Red Cloud and have been life long partners. They are retired ranchers living in Valentine, Nebraska. But they have not forgotten their hometown of Red Cloud making two gifts including a \$100,000 challenge grant and more recently a \$170,000 gift annuity of appreciated stock.



Gifts of Grain

Byron Community Foundation, Population 83



Area ag producers contributed some of their corn crop to the Callaway Community Foundation Fund to help meet the Fund's \$75,000 goal for a matching grant from the Hunt Family Donor-Advised Fund. (L-r) Norman Johnson, Jim Johnson, Doug Dockweiler, and Seven Valleys Grain manager David Pandorf.

The last Census tallied just 83 residents in Byron, Nebraska. But when the farming community is included its population is closer to 300. 15 gifts of grain generated \$82,000 for their Foundation's endowment fund. Additional gifts and pledges has grown their endowment to over \$400,000 in just one year.



Great Plains Communications

Chase County, Nebraska – Population 3,966



Casey Garrigan and Mick Jensen, Hunt Family Fund

The Robert and Jeannette Hunt Fund created by the founders of Great Plains Communications made a \$50,000 challenge grant to kick off Chase County's endowment building. This challenge raised \$150,000 in matching funds in just 20 months or 16 months ahead of schedule. Now this community is focused on reaching \$1 million in the endowment.



Sharon & Konnie Norstog

Ranchers from Watford City, North Dakota



Sharon and Konnie Norstog
Ranchers – Watford City ND

“The retired Watford City ranchers say the best part of the oil boom is they can give more to their favorite charities. This is a gift. We did absolutely nothing to earn it. We don’t deserve it particularly, “ said Sharon. “Now it’s our job to do something kind with it or least do the right thing.”

Watford City News. 01.06.13



Inspiration from the Field

The TOW Opportunity and the Use of Philanthropic Dollars is an Exciting New Source of Funding for Community Economic Development.



Holt County, Nebraska

Holt County is as rural as you can get. It boomed in the 1880s as the Homestead and Kincaid Acts drove migration. It peaked in population in 1920 with over 17,000 residents. Today it has 10,434 residents. Holt County did not have an economic development corporation or staffing.

A group of young adults visioned a better future, and they created Holt County Economic Development. They struggled to find funds and their life-long resident Rudy Ellis left \$2 million dollars from his estate. Today key parts of their program are endowed!



Cleveland, Ohio

Downtown Cleveland is home to some powerhouse institutions including the Cleveland Clinic, a massive VA Hospital, major arts institutions and the Cleveland Community Foundation (oldest in the U.S.). In neighborhoods surrounding these institutions are working poor with little chance for moving up the economic ladder.

These institutions have teamed up to create employee owned businesses to help meet their needs like a commercial laundry. Philanthropic dollars are fueling business development and economic opportunities for those in these poor adjacent neighborhoods.



Minnesota's Initiative Foundations

The McKnight Foundation was created to respond to the drastic declines of the farming, logging and mining industries in the late 1980s. 25 years ago the Foundation created six regional “initiative foundations” to vision, stimulate and support community economic development throughout Minnesota.

23,000 Grants

\$140 million

3,600 Business Loans

\$193 million

40,000 Quality Jobs Secured

Regionally Focused & Community Based



Wisconsin Rapids, Wisconsin

Wisconsin Rapids was once home to a large paper company. When it was bought and closed the economy in Wood County drove into recession. The Inourage Community Foundation rallied the community and is funding community economic development initiatives.

Inourage Foundation Motto...

The secret to creating a thriving community lies first in taking chances – and foremost in giving them.



Red Cloud, Nebraska

Red Cloud is a small, rural community. It is also home to American author Willa Cather and a growing heritage tourism economy. Red Cloud does not have any economic development agency or any paid staff.

The Red Cloud Fund within the Nebraska Community Foundation is providing funding for a strategy to create and fund an economic development office with staffing.



West Central Initiative

The West Central Initiative is a community foundation and an economic development organization. It has played a central role in increasing the competitiveness of industries in the nine counties of this rural Minnesota region (Fergus Falls).

- ✓ **Business Finance**
- ✓ **Workforce Development**
- ✓ **Lean Manufacturing**
- ✓ **Entrepreneurship**
- ✓ **Community Development**
- ✓ **Marketing**



Regional Trust Funds

The Tri-State Mining District of Missouri, Kansas and Oklahoma was once America's source of zinc, copper and other minerals. It was once very rich and vibrant. Today, some of it is an EPA Death Zone and the entire region is struggling economically.

Regional Development Trust Funds...

Iron Range Trust Fund

Paradox Regional Trust

Utica Shale in Appalachian Ohio

Bakken Oil in Western North Dakota

Norwegian Sovereign Fund

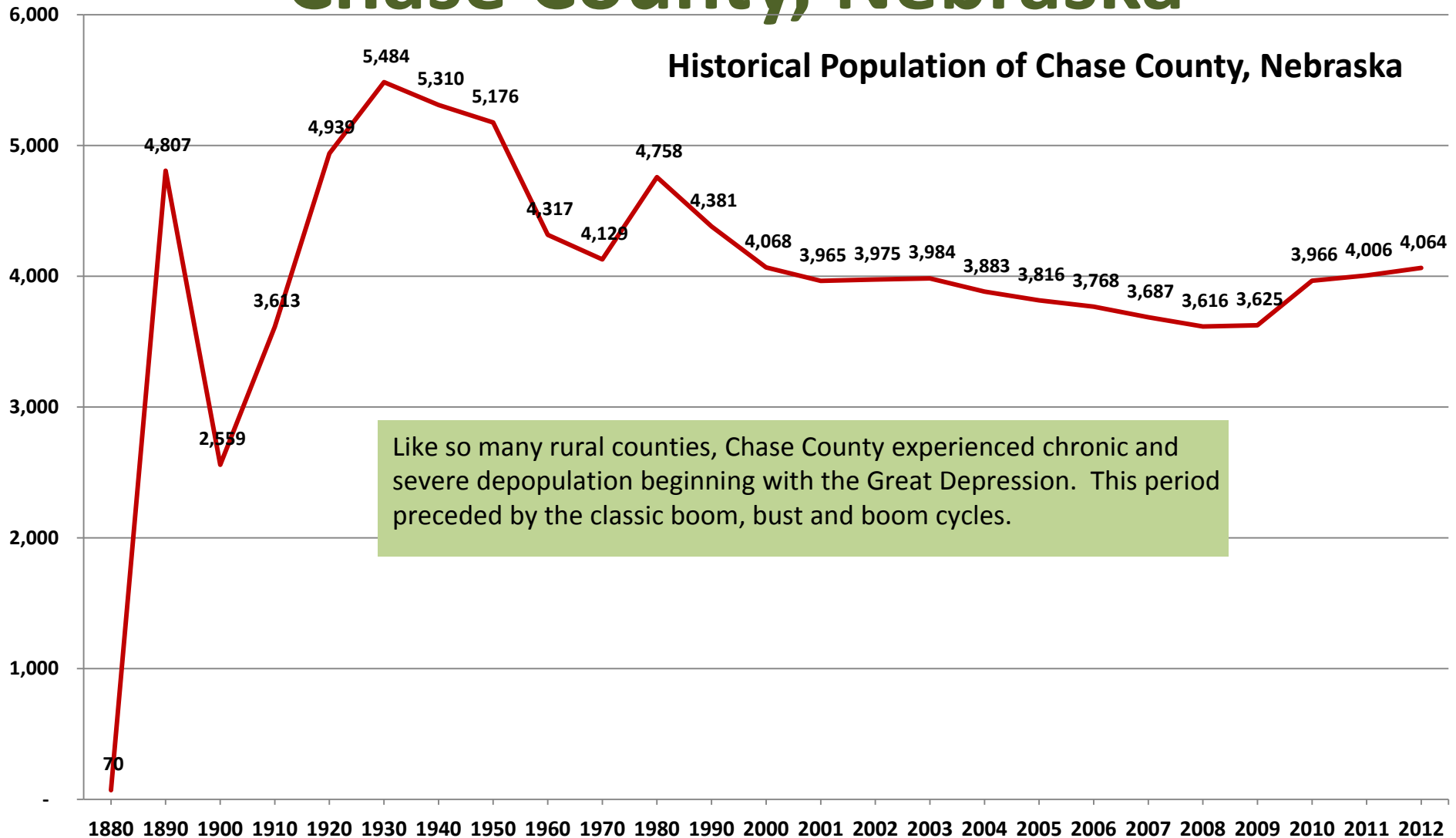


Chase County



Chase County, Nebraska

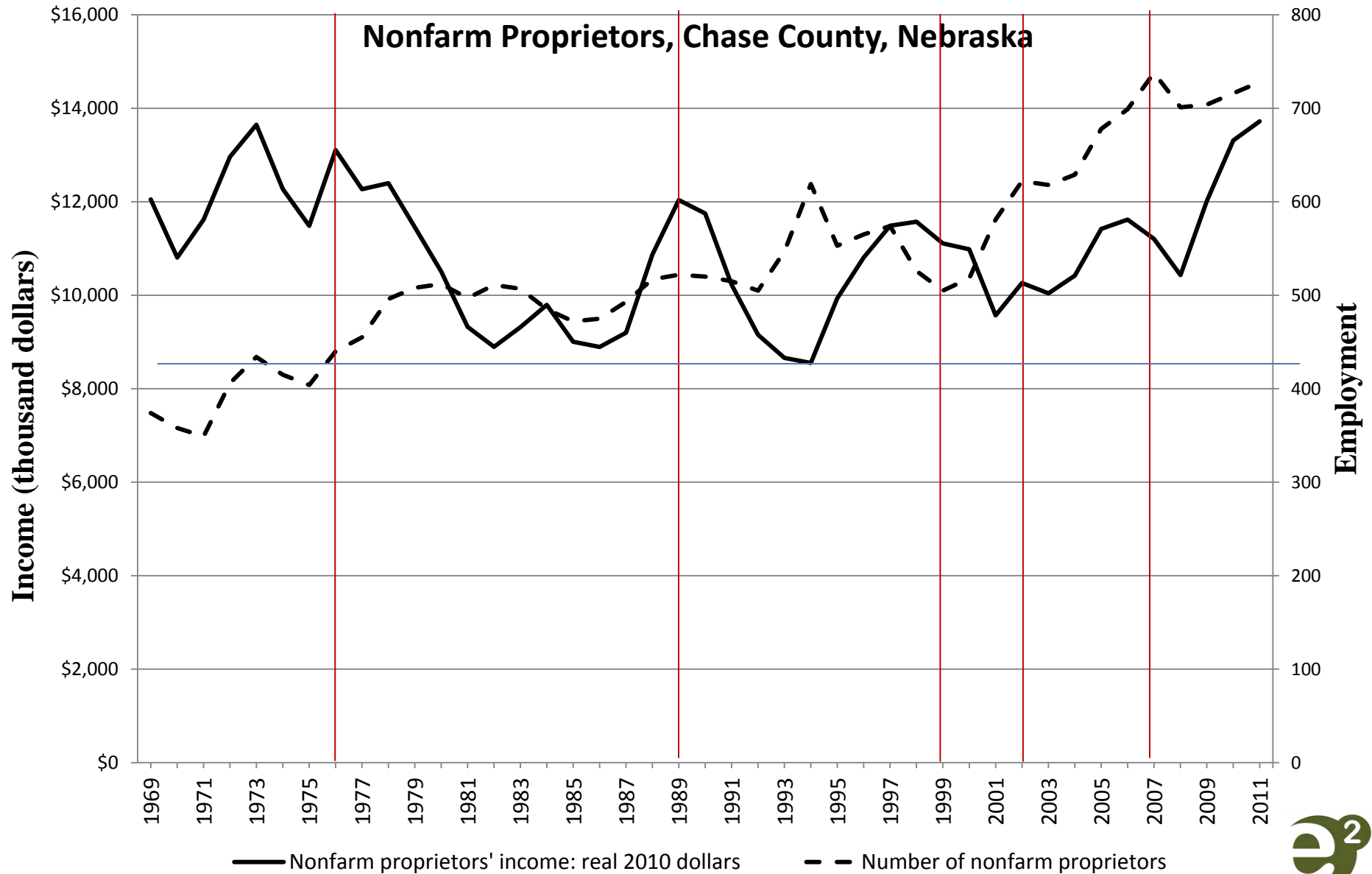
Historical Population of Chase County, Nebraska



Like so many rural counties, Chase County experienced chronic and severe depopulation beginning with the Great Depression. This period preceded by the classic boom, bust and boom cycles.

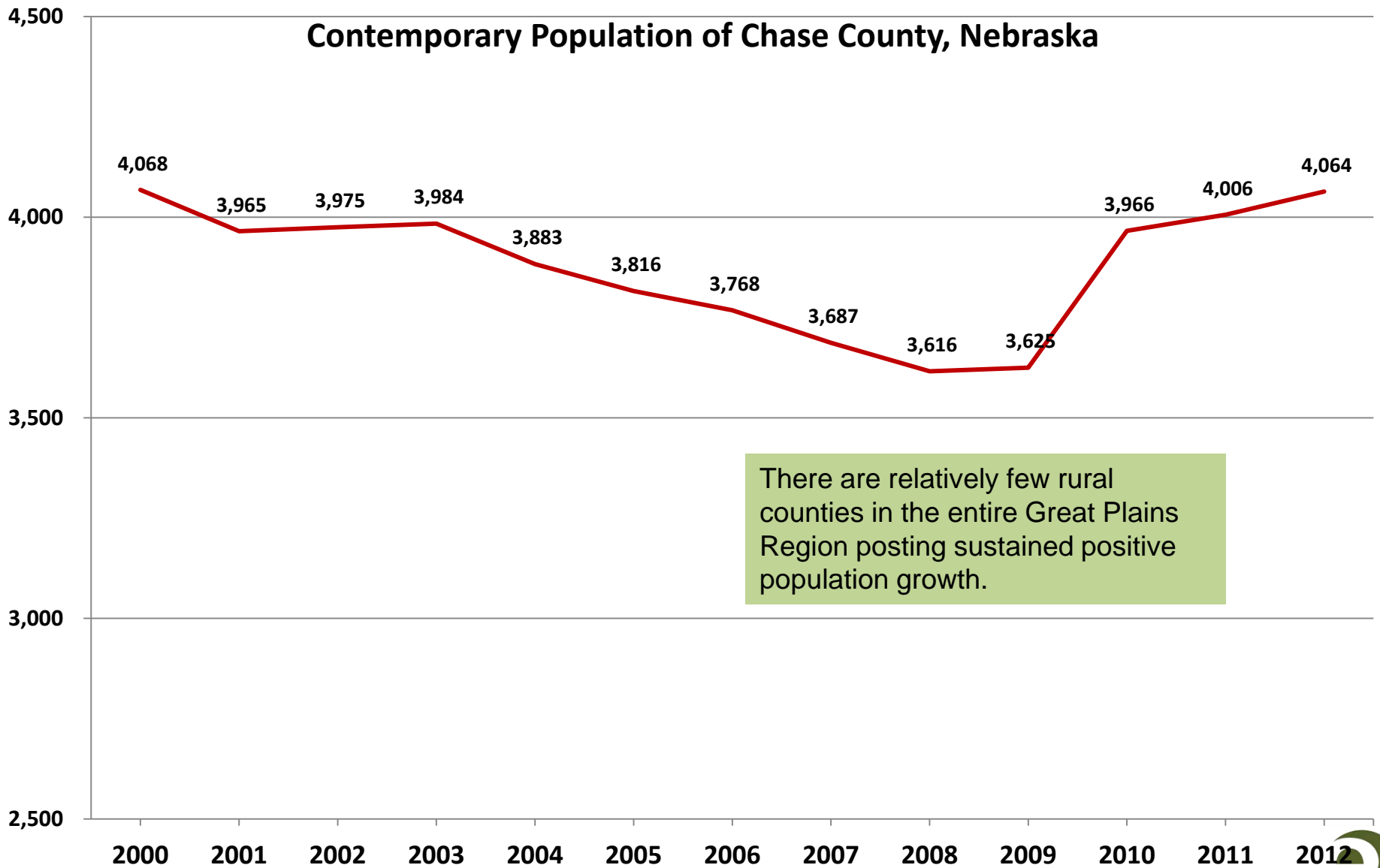


Economic Rebound



Community Renewal

Contemporary Population of Chase County, Nebraska



There are relatively few rural counties in the entire Great Plains Region posting sustained positive population growth.



Russ & Allo Communications

Russ and his wife own the local bi-weekly newspaper in Imperial. He and a former high school class mate created Allo Communications. Today they are one of the breakout companies fueling Chase County's revitalization. Allo Communications is competing head to head with the likes of SPRINT and Century Link.

Russ and Allo are charitable and through gifts to the Chase County Community Foundation they are supporting workforce development and educational opportunities for youth.





Youth... Energizing Force



Questions...





Questions & Discussion

Center for Rural
Entrepreneurship

energizing entrepreneurial communities

Don Macke

don@e2mail.org

www.energizingentrepreneurs.org

