

McKNIGHT FOUNDATION

# EQUITY

IN

# ACTION



A Progress Report from  
the McKnight Foundation



2021

# FROM ASPIRATION TO ACTION

When the McKnight Foundation presented its first-ever public ***diversity, equity, and inclusion (DEI) statement*** for board approval in late 2017, one board member wisely reflected, “These are beautiful words.

I just hope we can back it up with action.”

We couldn’t agree more. Aspiration must transform into action because our communities deserve more than good intentions. We know our credibility rests on a “say-do” continuum, meaning our actions must be consistent with our stated values. Who we are and how we act inside the Foundation’s walls must align with the change we expect of others in the outside world.

At McKnight, we are indeed backing up our aspirational words with action. This report lifts up some examples of shifts we’ve made at the Foundation to tilt toward equity in the three years since the board

## EQUITY EMBEDDED IN OUR MISSION AND VALUES

We revised our mission statement to explicitly call for a just future, and Equity is now one of our four core Foundation-wide values.

## \$32 MILLION FOR A MORE EQUITABLE MINNESOTA

Using an inclusive process, McKnight designed an entirely new program focused on building a more equitable and inclusive Minnesota. The Vibrant & Equitable Communities program is one of the largest programs at McKnight. It is projected to make \$32 million or more in grants annually starting in 2022.

## NEW POLICIES AND PRACTICES

We developed several new policies and practices across departments to consider equity and probe more deeply into how we do philanthropic work.

## FROM BEHIND THE SCENES TO SPEAKING UP FOR JUSTICE

We have increased the use of our public voice to stand in solidarity with our communities, collectively grieve acts of racial violence, and advocate for a more participatory democracy and equitable distribution of federal funds.

## DIVERSE SENIOR AND PROGRAM LEADERSHIP

Our board of directors selected Tonya Allen, a longtime champion of equity and inclusion, as McKnight's president in late 2020. She heads a majority people of color senior leadership team of all women from diverse professional and lived experiences. Our program directors also come with diverse lived experiences, strong grassroots community ties, and firm commitments to embedding equity into their grantmaking.

### As more foundations continue to make public commitments

to racial equity, we hope all of us sharing our experiences openly will encourage and speed up progress. We thank you for all you do to advance equity. Together, we can combine these small efforts to move larger systems and enact change.



As a private foundation, we’ve long recognized that we can create impact through multiple roles that include—and extend far beyond—grantmaking. These six identities, as named in our DEI statement, are funder, convenor, thought leader, employer, economic entity, and institutional investor. The report summarizes action steps we’ve taken in those six roles.

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# FUNDER ARTS

The Covid-19 pandemic magnified the pervasive funding disparities within the arts and culture sector, as revealed in a 2017 study, ***Not Just Money: Equity Issues in Cultural Philanthropy***. That study catalyzed an intentional shift in McKnight's approach to arts funding, broadening its portfolio of organizations and projects that work to eliminate deep and persistent cultural, economic, and racial barriers. The Arts program team has advanced equity through some of these steps:

## \$12.6 MILLION NEW DOLLARS FOR BLACK, INDIGENOUS, LATINX, AND ASIAN AMERICAN ARTISTS AND CULTURAL LEADERS

McKnight is the lead regional partner in the ***America's Cultural Treasures initiative***, which invests \$12.6 million in significant regional cultural institutions led by Black, Indigenous, and people of color in Minnesota. McKnight matched a \$5 million contribution from the Ford Foundation, and raised \$2.6 million more in additional investments. Ten organizations will receive unrestricted grants of at least \$500,000 over five years.

In the first phase of funding, the Regional Cultural Treasures program honors organizations that have made a significant impact on our cultural landscape over decades, despite historic under-investment. In the second phase, the Seeding Cultural Treasures program will award grants to grow the future of Black, Indigenous, Latinx, and Asian American artists and cultural organizations in Minnesota, North Dakota, South Dakota, and the 23 Native Nations that share the same geography.



**MCKNIGHT AWARDED \$720,000 TO THE ALLIANCE OF ARTISTS COMMUNITIES (AAC),**

an international association for artist residencies, to design and launch a new consortium program grounded in equity to support McKnight Artist Fellows residencies.



- **The proposed program** will help dismantle the historical and institutional systems that have prohibited certain artists from participating in residencies—systems that include, for example, arts training and academia, funding, and patronage.
- **Alliance of Artists Communities** will convene and train up to 24 host residencies to ensure equity across operations, governance, staff, policies, program design, facilities, and organizational culture.
- **In addition to creating new work** and developing skills, participating artists will diversify their networks and engage in new cultural contexts that may inform their work and help disrupt racist and oppressive mindsets and systems of inequity.

**MORE THAN 50% OF THE 2020 MCKNIGHT ARTIST FELLOWS ARE BLACK, INDIGENOUS, OR ARTISTS OF COLOR.**



## MEET MCKNIGHT'S 2017–2020 DISTINGUISHED ARTIST AWARDEES

In the past four years, the McKnight Distinguished Artist Award winners have been more diverse in race, lived experiences, and artistic disciplines.

**Writer Marcie Rendon**, an enrolled member of the White Earth Nation whose poems, plays, children's books, and novels explore the resilience and brilliance of Native peoples.



**Painter Jim Denomie**, a member of the Lac Courte Oreilles Band of Ojibwe whose paintings offer new perspectives on historical and contemporary events in Indigenous and American life.

**Wing Young Huie**, a street photographer who has documented Minnesota's changing cultural landscape for more than 30 years, focusing on people and places that are often overlooked.



**Seitu Ken Jones**, a visual artist influenced by the Black Arts Movement who views art as a creative force for civic engagement.

# FUNDER INTERNATIONAL

**M**cknight's ***Collaborative Crop Research Program (CCRP)*** supports agroecological systems research in 12 countries in Africa and South America that face severe food insecurity. Agroecology is critical to food security and sovereignty, climate mitigation and adaptation, and equitable social structures and economies. Where some may see marginalized communities—women, youth, Indigenous populations and small-shareholder farmers, it envisions more powerful communities and autonomous income streams.

The research program advances farmer research networks—farmer groups that work in partnership with other researchers, other farmer organizations, development organizations, and broader networks. In an example of what is called “cognitive justice”—or equitable knowledge sharing—this highly collaborative approach to research relies on traditional centuries-old farming techniques, values diverse forms of knowledge and cultural needs, produces more responsive and relevant research, and builds more equitable partnerships. It has resulted in farmer research gaining scientific credibility on a global scale.

## Other highlights of recent actions include:

**Strengthened the role of farmers** across CCRP by ensuring every voice is heard at each Community of Practice meeting and delivering leadership training to more than 7,000 farmers, including many in rural areas. Farmer research is gaining scientific credibility because of such capacity-building efforts.

**Over the past 20 years, the program has deepened its investments in women.** For example, it has significantly increased the number of female students, principal investigators, and project team members. In 2007, the program had 10 female students, and in 2020 it had more than 70 studying that year.

**The Andes team made several short videos of work related to cognitive justice,** fair economies, and control of resources. Examples include [\*this video\*](#) related to economic inclusion, and [\*this video\*](#), which highlights cognitive justice.

**Advanced support of Global South leadership and students.** In 2009, the program supported eight African and 11 Latin American students. Ten years later, in 2019, the program supported 74 African and 43 Latin American students.



## AGROECOLOGY IS A SCIENCE, A PRACTICE, AND A SOCIAL MOVEMENT.

- **Science:** As a science, agroecology works with nature, applying ecological principles and processes to agricultural production systems.
- **Practice:** As a practice, agroecology uses sustainable farming methods to improve the performance of agricultural systems.
- **Social Movement:** As a social movement, agroecology emphasizes equity, justice, and inclusion. It strives to heal the environment, improve rural livelihoods, nurture culture and identity, and bolster health.





# FUNDER MIDWEST CLIMATE & ENERGY

In 2019, McKnight's board of directors approved a new Midwest Climate & Energy program goal: *take bold action on the climate crisis by dramatically cutting carbon pollution in the Midwest by 2030.* Achieving this ambitious goal, at the necessary speed and scale, requires an inclusive and multiracial democracy, one in which all people have the voice and power to bring about change to the issues affecting their lives and livelihoods. Recognizing this, the Climate program updated its **strategies** to include "Strengthen Democratic Participation" as an essential part of its approach. It will pursue this strategy in close partnership with McKnight's Vibrant & Equitable Communities program, supporting communities in building powerful movements for change.

This means the Climate portfolio in 2021 and beyond will include grants to multi-issue organizations that build durable grassroots power.

## Recent examples include the following:

### Climate Generation:

#### A Will Steger Legacy

expands its work supporting youth climate action through Black, Indigenous, and people of color youth mentorship and local campaigns centered on environmental justice.

### The 100% Campaign

seeks to enact comprehensive climate solutions at scale and transform Minnesota into a multiracial democracy. It focuses on addressing systemic barriers to a clean energy transition and catalyzing a much more diverse and powerful climate movement.

### Fair Representation in Redistricting Initiative

aims to identify and support efforts that center communities and people in the redistricting process in midwestern states to ensure the will of the people, including the desire for bold climate action, is fairly represented.



The Climate program also includes embedding equity in climate solutions, such as HOURCAR's big idea to build an all-electric car-sharing network in underserved areas. In 2018, the McKnight Foundation provided a \$25,000 grant to HOURCAR to develop a business plan for the project, followed by a series of support for the buildout and launch. Investing in a comprehensive, community-driven planning process paid off. The cities came on board, as did the Metropolitan Council and the US Department of Energy, leading to \$12 million in private capital and public investment. Fast-forward to today, and that project has become the ***EV Spot Network***. A collaboration between HOURCAR, Xcel Energy, and the cities of St. Paul and Minneapolis, the initiative is launching a fleet of 150 shared electric vehicles and installing 70 EV charging stations on city streets in spring 2021.

[Learn more](#)



## MINNEAPOLIS CLIMATE ACTION AND RACIAL EQUITY FUND

The ***Minneapolis Climate Action and Racial Equity Fund*** is a partnership between McKnight, the City of Minneapolis, and the Minneapolis Foundation. It provides grants for place-based community-driven initiatives, projects, and organizations that strive for a demonstrable reduction in local greenhouse gas emissions.

The fund represents a shift toward a more participatory model that moves the decision making to those doing work on the ground. Grantees engage local residents and organizations to increase their sense of ownership of climate solutions and strengthen social connections between individuals and networks. Funded projects also advance Minneapolis's Strategic Racial Equity Action Plan, a four-year effort to embed racial equity principles throughout the city's work.

[Learn about recently awarded grants](#)



# FUNDER NEUROSCIENCE

**E**very sector, including the sciences, can do more to support greater diversity, equity, and inclusion. Few US scientists (less than 8%) come from underrepresented racial backgrounds, a disparity the board of directors and committees for the McKnight Endowment Fund for Neuroscience recognize.

In 2020, the board created the McKnight Pecot Fellowship, which funds neuroscientists to provide mentorship and lab experiences to neuroscience college students from underrepresented communities. The Fellowship is named after Matthew Pecot, PhD, a highly regarded Black neurologist who specialized in memory and olfactory disorders. He was an assistant professor of neurobiology at Harvard Medical School and passed away in 2019. Four neuroscientists received the first fellowships in March 2021 to mentor five students from universities across the country. In addition, the board has created a means of collecting demographic data to better understand the neuroscience applicants who come from underrepresented communities.

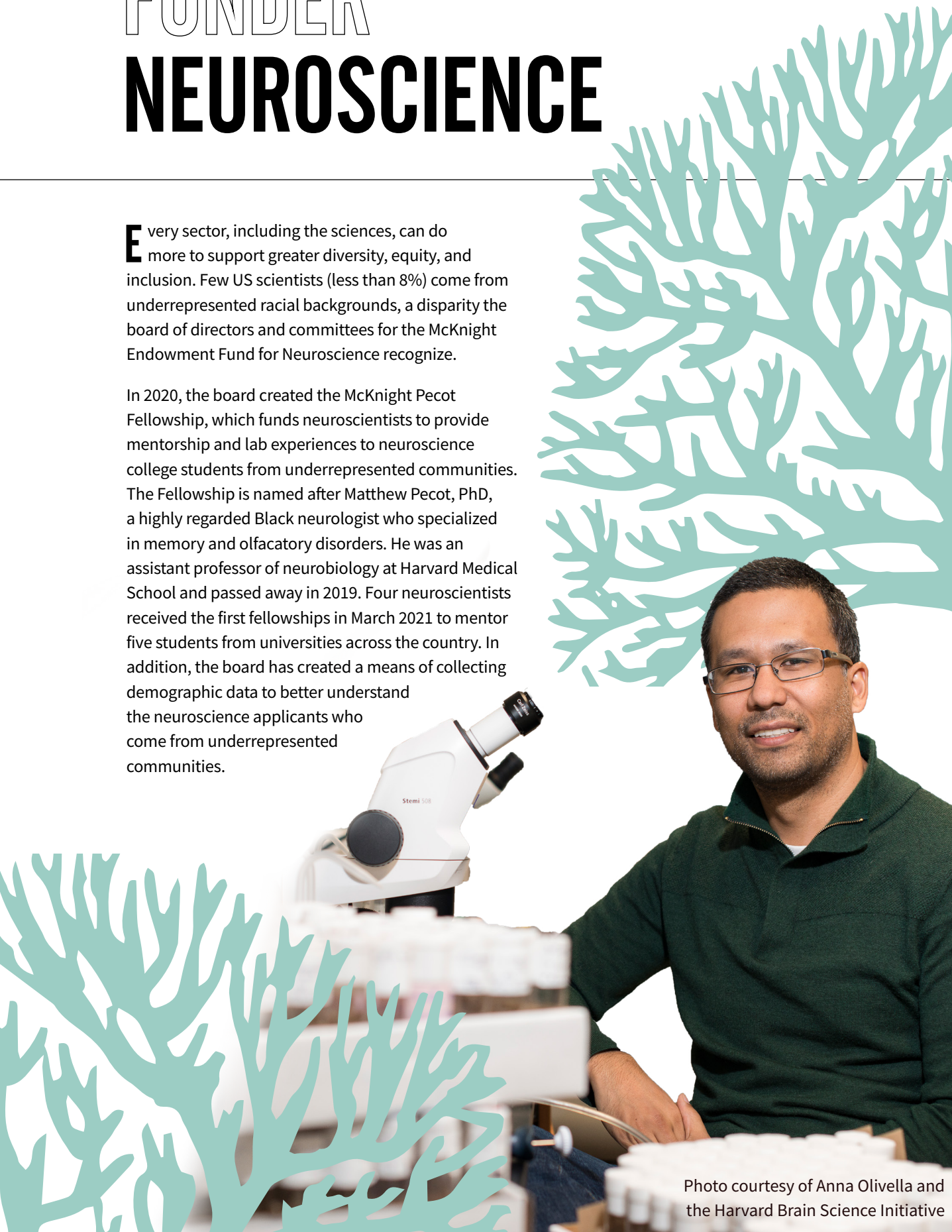


Photo courtesy of Anna Olivella and the Harvard Brain Science Initiative

# FUNDER VIBRANT & EQUITABLE COMMUNITIES



In September 2020, McKnight launched its new ***Vibrant & Equitable Communities*** (V&EC) program devoted to equity and inclusion in our state. The program was developed over a year with input from community voices. It is projected to have an annual grantmaking budget of \$32 million or more starting in 2022. With two grantmaking rounds nearly complete, we are still in the early days yet eager to see progress toward our goal: *build a vibrant future for all Minnesotans with shared power, prosperity, and participation.*

Realizing this vision will require changing systems in transformational ways, we are still finding our way, and new questions arise daily. In a conversation with the National Center for Family Philanthropy, program director David Nicholson shared how the program team members are thinking about systems change and what they've learned so far in the process. [Read the interview.](#)

In making grant decisions, the program team is experimenting with more equitable methods—from offering extensive transparency on its process through webinars and FAQ pages to including voices from team members with diverse perspectives. They are thinking in terms of cities and towns in the entire state, and they are building relationships with partners not previously funded by McKnight.

**Learn more about the inaugural slate of grantee organizations**

Here are a few examples of grantee organizations funded by the program:

## ALL SQUARE

McKnight granted \$300,000 over 24 months to ***All Square***, a nonprofit social enterprise that invests in justice-impacted individuals. In 2021–2022, All Square plans to expand its scope and potential for systems impact by launching a prison-to-law pipeline and establishing an in-house civil rights law firm.

## AFRICAN CAREER, EDUCATION, AND RESOURCE INC.

***African Career, Education, and Resource*** develops innovative policy and practice solutions that bolster education, employment, health, housing, and wealth for African immigrants and other Black, Indigenous, and people of color communities. The organization received \$250,000 over 24 months.

## RESTAURANT OPPORTUNITIES CENTER OF MINNESOTA

***Restaurant Opportunities Center of Minnesota*** advocates for fair, dignified wages and working conditions across Minnesota. It emerged as a key advocate for personal protective equipment, hazard pay, and other safety issues faced by these essential workers. McKnight awarded \$150,000 over 24 months to this new partner.

“ *The Vibrant & Equitable Communities program has a clear vision of a future in which all Minnesotans—Black, white and brown; Native and newcomer; from the North Side to the North Shore—have shared power, participation, and prosperity.* ”

— **David Nicholson**, Vibrant & Equitable Communities program director

In October 2019, McKnight launched a multifaceted input-gathering process designed to shape and inform the new V&EC program. We gathered input from more than 1,000 stakeholders representing a diverse cross section of people, places, sectors, and organizations in Minnesota and beyond.

Neeraj Mehta, McKnight director of learning who designed the participatory methods, wrote about the experience in the post “What We Learned When We Listened to Community Voices.”

[Learn about about the process](#)

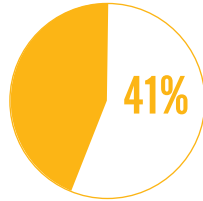


# GRANTS & INFORMATION MANAGEMENT

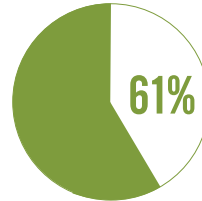
We know that equity in grantmaking is ultimately a matter of respect and trust, and how a funder designs its grantmaking processes and systems is one way to forge a true partnership.

We know that nonprofits have long called for flexible grants that would allow them to identify where to allocate resources and multiyear grants that reduce the frequency of grantseeking.

2018  
TO  
2020



Approximately 41% of our grants were **general operating grants**.



More than 61% of our grants were **multiyear grants**.

When Covid-19 hit, we worked quickly to offer a flexible response. We offered a streamlined application for Covid-emergency grants; implemented automatic extensions on grant reports or waived reporting requirements altogether; offered grant increases to reduce application steps; and invited grantees to speak to their program staff contact to change grantmaking terms if necessary, including modifying the grant purpose from program/project to general operating.

Our program and grants teams have begun a broader redesign of McKnight's grantmaking process to minimize the burden on grantees, ensuring that the application requirements are proportional to the amount requested.





## SMALL ACTIONS WE HAVE TAKEN

Among the smaller steps to advance equity are changes to make our grant applications more inclusive:

**Developed a definition of organizations led by Black Minnesotans, Indigenous communities, people of color (BIPOC), and low-income Minnesotans. McKnight currently defines these organizations as those for which at least four of the following are true:**

- 50% of senior staff members are BIPOC-identified
- 50% of board members are BIPOC-identified
- The organization has BIPOC leadership (executive/senior-level)
- The organization is implementing DEI initiatives or navigating organizational transition for greater equity in programming and operations
- The group or organizational mission explicitly focuses on BIPOC communities
- The project or initiative is led by majority BIPOC group members

**Began *collecting demographic data* from grant applicants through a new *form*. The form helps us get to the heart of these mission-driven concerns:**

- Are the organizations that we fund diverse and inclusive relative to their context?
- Do our grants help to decrease disparities and/or advance equity?
- What and whom are we missing?



## STRATEGIC QUESTIONS WE'RE STILL NAVIGATING

How can we redesign our grantmaking process so that it ...

- is simpler for internal staff members and external partners?
- requires less time to complete?
- advances equity?
- enables McKnight to be more responsive to the field?

How can we enhance our demographic data collection forms and process to gather even more useful context for grantmaking analysis?

# CONVENOR

**B**ringing people together from multiple perspectives and diverse lived experiences is among the most powerful tools we have for advancing equity. Convening generates ideas, inspires solutions, and facilitates critical connections and opportunities. Together we can more clearly see the structural inequities that harm us all and the means to dismantle them.

McKnight has made an intentional effort in recent years to participate in and host convenings that enable and promote solutions. It is a way for us to share resources, bridge networks, and broaden perspectives and learnings. Here are some highlights of recent McKnight convenings to advance equity:

In partnership with the ***Equitable Evaluation Initiative***, director of learning Neeraj Mehta hosted three gatherings that enable Minnesota leaders to advance equitable evaluation and learning practices in philanthropy.

As co-chair of the Minnesota Council on Foundations' (MCF) Impact Investing Group, Elizabeth McGeveran, investment director, hosted a learning opportunity on implicit bias in investing with noted expert ***Daryn Dodson***, managing director for Illumen Capital. It was one in a series of MCF investment learning sessions focused on diversity, equity, and inclusion.

Sarah Hernandez, Vibrant & Equitable Communities program officer, co-chairs the ***East Side Funders Group***. The group meets regularly with community members to listen and learn, and recently approved a grant to the ***Saint Paul Recovery Act Community Reparations Commission***. The commission will be empowered to make recommendations to specifically address the creation of generational wealth for the American Descendants of Chattel Slavery and to boost economic mobility and opportunity in the Black community.

The Andes Community of Practice within McKnight's Collaborative Crop Research Program convened to consider ways to accelerate equity in farming across gender, age, environmental justice, market access, community rights, and power dynamics.





# EQUITABLE AND INCLUSIVE MEETINGS

Before Covid-19, we invited grantees and partners to reserve meeting space in our Minneapolis office, understanding the role philanthropy can play in gathering together stakeholders from diverse sectors. We hope to soon safely reinstate this practice.

As a convener, we hope that everyone who enters McKnight's office feels seen, safe, and welcome. Toward this end, we created inclusive guidelines for event and meeting planning—for our own use and that of our guests.

The guidelines include considerations for accessible venues and meeting logistics, supporting diverse vendors, and creating equitable and inclusive programming. They consider all forms of access and ways to create welcoming environments and make choices that undo racism and elevate the voices and contributions of Black, Indigenous, and people of color participants.



# THOUGHT LEADER

We believe in the ***GlassPockets*** principle that when funders transparently share their experiences and insights, learning can be accelerated and scaled.

Our ***DEI statement*** and the accompanying contextual notes have helped various organizations develop their own statements. Other foundations and nonprofit organizations have reported using these resources as a tool to educate their staff and board members.

For McKnight, the DEI document served as a starting point—a North Star to guide future decisions. From it, we created a DEI action plan to make concrete changes to our organizational policies, procedures, and practices. It was foundational to the creation of our ***2019–21 Strategic Framework*** and the Vibrant & Equitable Communities program, dedicated to a more equitable Minnesota.

With enough people behind them, words can also shift outcomes. For example, in May 2020, McKnight joined 118 faith-based investors with a combined \$2.3 trillion in assets to sign a ***statement*** calling on publicly traded meat processing companies to strengthen Covid-19 safety in plants for its workers. Investor pressure is particularly important, as it underscores calls from workers (predominantly people of color and immigrants) and communities—counterbalancing the federal government's focus on meat supply at the expense of safety. The statement resulted in several major meat companies, including Tyson and Sanderson Farms, bolstering Covid-19 protection for their workers.

And some statements have the simple goal of joining our colleagues and communities in expressing our profound grief. Certainly, that was the case when we wrote our statement about the ***murder of George Floyd***, or when our president, Tonya Allen, wrote a ***Twitter thread*** expressing her pain over the killing of Daunte Wright, a 20-year-old man shot by a police officer in Brooklyn Center.



# A NOTE ON STATEMENTS

Speaking up in unison on behalf of inclusion and justice can lead to a crescendo that counters voices of intolerance and hate. In the past few years, we've issued or signed on to public statements that stood for our core value of equity, and represented ways we embed an equity approach into all areas of our work.

**Here are some recent statements that we have joined in collective action:**

- ***We Stand for Democracy*** statement that opposed laws restricting voting rights, published in the *The New York Times*, the *Washington Post*, and other major newspapers
- A ***White House Initiative on Inclusive Economic Growth*** that calls for structural reforms to capital markets and increased community investing to close the racial wealth gap and address climate change
- AAPIP ***Open Letter to Philanthropy: The Cure to Viral Racism Is Within Our Hands***
- Philanthropic Collective to ***Combat Anti-Blackness & Realize Racial Justice***
- ***Don't Cut the Census Short*** letter to the US Secretary of Commerce



# EMPLOYER

**A**s an employer, McKnight has the opportunity and responsibility to embed equity across our policies and practices—in how we hire, train, develop, and support our teams, and in how we craft our culture as an organization.

President Tonya Allen heads an all-women senior leadership team who are majority people of color. In addition, we have increased diversity at every level and in every department across the Foundation. This didn't happen by chance. It required actively recruiting candidates from a variety of backgrounds and valuing their skills and lived experiences in addition to specific academic degrees or other formal credentials.

We offer staff training and organizational cultural development that employ an equity approach. In 2017 and 2020, all staff members took the ***Intercultural Development Inventory***, an assessment tool for building cultural competence, to improve how McKnight navigates cultural differences as an organization. In addition, staff participated in DEI training, which entailed understanding the structural nature of racism, exploring how race and racism shape our experiences and power, and recognizing how intercultural competence can support racial equity work. The DEI training was a challenging process that led to sometimes uncomfortable conversations.

In 2016-2017, after more than 74 hours of individual and team coaching and staff-wide internal conversations and training over 18 months, our organizational IDI profile changed from *Minimization* to *Acceptance*. Globally, 67% of people display *Minimization*, an orientation that emphasizes what we have in common at the expense of deeper understanding of cultural differences. Those in the *Acceptance* orientation, on the other hand, appreciate cultural commonalities and differences in comparing their culture with others.

In 2019, the Foundation saw significant changes inside our organization, such as a series of retirements of senior staff and the development of our new Vibrant & Equitable Communities program. Then the Covid-19 pandemic hit. All of these events required us to temporarily pause staff-wide DEI trainings. However, we still offered individual coaching with interculturally competent coaches. Trainings restarted in 2021.

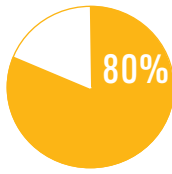
In our new chapter of leadership, we remain committed to our internal equity work among our board and staff as we continue to welcome many new colleagues and resume trainings in 2021.





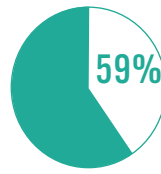
## OUR TEAM HAS A WEALTH OF DIVERSITY IN PERSPECTIVES, RACIAL BACKGROUNDS, AND LIVED EXPERIENCES TO ADVANCE THE FOUNDATION’S MISSION.

### SENIOR LEADERSHIP TEAM



**PEOPLE OF COLOR**  
Four of our senior leaders are Black or Asian American.

### ALL DIRECTORS AND SENIOR LEADERS



Ten of 17 team members who hold director level positions or above identify as Black, Indigenous, or people of color.



### STRATEGIC QUESTIONS WE’RE STILL NAVIGATING

- What kind of culture of norms and expectations do we want to create throughout the organization?
- How do we create space to continue to be proximate to the people we aim to serve?

# ECONOMIC ENTITY

Just as individual consumers have learned they can live out their values through their purchasing decisions, funders have similarly begun to recognize their own economic clout to live out their organizational values. From contracting with restaurants that cater large gatherings to engaging firms that offer professional services and individual consultants who facilitate staff trainings, the McKnight Foundation has opportunities to make consumer decisions with an intentionality that embeds our equity values.

This year we developed a vendor diversity policy to promote fairness and inclusion, and to increase opportunities for underrepresented groups to provide goods and services to the Foundation. Our DEI manager, Karyn Sciortino Johnson, is leading an effort for us to begin collecting demographic data from our current vendors and to initiate conversations with them about their approach to diversity, equity, and inclusion.

## This information will help us do the following:

- Understand and build stronger relationships with our existing vendors
- Recognize areas where we need to identify and build new vendor relationships
- Establish a baseline to set clear vendor diversity goals for McKnight's spending

Everyone benefits when vendors with diverse perspectives and lived experiences have equitable opportunities to thrive. Using the creative solutions developed by vendors who bring a diversity of perspectives and lived experiences will help us enhance our effectiveness. It will also help us continue to build authentic and respectfully accountable relationships with businesses in our community.





# INSTITUTIONAL INVESTOR

**A**pproximately 45% of McKnight’s endowment is mission-aligned, a testament to how seriously we take the idea that our endowment portfolio ought to help further our mission and reflect our values. Our impact investing program seeks investments that create affordable housing, help build the sustainability of our metro region, support small businesses owned by people of color, increase energy efficiency, and increase access for low to moderate income communities to renewable energy and efficiency solutions.

Structural racism has long been a fixture in the traditional banking system, leading to unbanked communities and small businesses. One of the most immediate ways that McKnight, as an institutional investor, can advance equity is by providing capital to our local communities still recovering from Covid-19 and the civil unrest that followed the murder of George Floyd.

McKnight is investing \$5 million in the Community Asset Transition Fund built by Twin Cities LISC, the regional office of the national community development organization Local Initiatives Support Corporation. The fund is working with experienced community nonprofit developers, such as the Twin Cities Land Bank, Neighborhood Development Center, and Seward Redesign.

The organizations will either develop the properties or preserve them until community partners, including developers that identify as Black, Indigenous, and people of color, plan and secure financing for the long term. Community organizations envision buildings that offer lower-rent offices and storefronts for businesses displaced after the unrest or forced to close because of the pandemic. They want incubator spaces for BIPOC and immigrant entrepreneurs and opportunities for tenants to own the buildings. They want truly affordable housing and vibrant economic activity.

[Learn about the Community Asset Transition Fund](#)

# DEI INVESTING IN ACTION

Beyond our investment portfolio, we strive to leverage our influence as a consumer of financial products, a shareholder, and a market participant to advance equity in the financial sector.



## SMALL ACTIONS WE HAVE TAKEN

- Consistently raise questions about diversity, equity, and inclusion on investment teams among all types of managers—from the smallest general partnerships to the large, publicly owned financial services companies.
- Analyzed our advisors—Mercer, Goldman Sachs's Imprint Capital, and Cambridge Associates—on the systems and standards they use to assess equity as they evaluate fund managers.
- Continue to monitor these firms over time to see how they increase diversity among their own staffs at all levels.
- Participated in ***a study*** by the John S. and James L. Knight Foundation of the 50 largest American foundations and provided data for their reporting on privately owned US-based asset managers that are majority-owned by women or people of color.



## STRATEGIC QUESTIONS WE'RE STILL NAVIGATING

- How can we systematize our approach to DEI inquiry with asset managers to improve consistency, and use the data to take actionable steps toward equity with our investments?
- How do we orient our standards for program related investments (an IRS-defined "charitable investment") to ensure equitable outcomes for organizations led by Black, Indigenous, and people of color?





# CONCLUSION

In her book *Emergent Strategy*, activist and organizer adrienne maree brown speaks to what it takes to successfully enact change. Using the analogy of fractals—infinately complex patterns that are created by repeating a simple process over and over—she encourages advocates to understand that the small, consistent practices impact the large. “What we practice at the small scale sets the pattern for the whole system,” she writes.

In the past three years, we’ve made progress in how we change our policies, move money, use our voice, make grants, convene others, and work with vendors. While some of these steps are modest and nascent, even the smallest of these actions has created a precedent and pattern that we are committed to continuing. We still have much more work to do and more to learn. Our DEI efforts are a work in progress. And all progress begins with small steps.

We will continue learning, listening, reflecting, and speaking up—with transparency—to advance equity inside and outside of the Foundation. Most importantly, we will continue to act. We see this work as our shared responsibility—and our shared opportunity—because what is at stake is nothing less than our shared fate.



# ACKNOWLEDGMENTS

Many hearts, minds, and hands have come together along our path toward equity in action.

Foremost, we thank our board of directors for their wisdom and support as we continuously work to align our actions, decision making, and culture with the Foundation's mission and DEI values.

Thank you to every McKnight colleague, past and present, who has contributed to this evolving body of work. They each brought their passion, talent, curiosity, and experiences to bear in bringing to life what we've shared in this report.

We extend a special note of gratitude to Kate Wolford, former president, and Bernadette Christiansen, former vice president of operations, both of whom championed diversity, equity, and inclusion, and dedicated ample time and space for organizational growth and learning.

We are grateful to and inspired by president Tonya Allen and all of the current senior leaders and directors for guiding the way forward. With their leadership, we are confident the Foundation's commitment to equity will deepen even further.

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## ABOUT THE MCKNIGHT FOUNDATION

The McKnight Foundation, a Minnesota-based family foundation, advances a more just, creative, and abundant future where people and planet thrive. Established in 1953, the McKnight Foundation is deeply committed to advancing climate solutions in the Midwest, building an equitable and inclusive Minnesota, and supporting the arts in Minnesota, neuroscience, and international crop research.

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