Displaced Mine Employee Grant Program

A Partnership between the US Forest Service, Minnesota DNR, and the City of Biwabik

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Mining was the primary source of employment in the greater Biwabik area of Minnesota. As a result, when the LTV Steel Company closed its taconite mine in Hoyt Lakes, Minnesota, the loss of 1400 jobs had a tremendous impact on local communities and the economy. This is a story of how the City of Biwabik, Minnesota Department of Natural Resources (DNR), and the US Forest Service (USFS) worked together to develop and implement a grant program assisting displaced miners with local, entrepreneurial business opportunities. More importantly, it is a narrative illustrating how proactive and responsive participation by local, state and federal agency staff in the grant application process made a tremendous difference in the lives of affected residents.

**Background**

Upon learning about the taconite mine closure, Steve Bratkovich and John Krantz of the US Forest Service Northeastern Area State and Private Forestry Program, began to discuss what they could do to help connect available USFS grant support to the impacted communities. Bratkovich and Krantz, among others, determined that they could make $30,000 available to displaced miners, with a maximum of $3,000 per individual, to develop individual forest-based industry businesses. They initiated this program in order to assist miners in finding employment opportunities without having to uproot and relocate families. To this date, beyond standard unemployment assistance, the Displaced Mine Employee Grant Program is the sole grant program targeting local residents impacted by the LTV taconite mine closure.

At the same time that the Forest Service was considering how to develop this grant program, Biwabik City Planner Scott Dane serendipitously called Krantz’s office to discuss grant possibilities. When Krantz realized that Dane lived and worked just 14 miles from the Hoyt Lakes area, he asked if the City of Biwabik would be interested in administering a Displaced Mine Employee Grant Program. The program was to be developed from scratch and the Forest Service wanted it to be administered within the local community rather than from the central office in St. Paul. Dane quickly agreed to run the program, stating that “friends and family had been affected by the closure, so it would be great for the City to be able to help out in some way.”

Dane began to write up the guidelines for the Displaced Mine Employee Grant Program based on a USFS/DNR grant program template. The program would directly provide grants to individuals for start-up or expansion costs associated with forest-related businesses. Eligibility was straightforward: applicants must be employees affected by mining plant cutbacks or shutdowns, and
each project must be an enterprise using forest-based products in the manufacture or production of a marketable product or service. Examples of appropriate projects included woodworking, tourism, firewood, fish guiding services, and dock building. The program grantors emphasized that applicants with private funding or in-kind contributions would be looked upon favorably.

Dane created a two-page application for the local residents to fill out. “We wanted to keep it simple, not intimidating,” he commented. “Otherwise, people wouldn’t utilize the program. We were targeting people that don’t traditionally make applications to grant programs.” Once the eligibility guidelines and application process were accepted by the Forest Service, the City publicly announced the program.

The City of Biwabik, US Forest Service, and the Minnesota DNR promoted the pending grant opportunity by holding an informational seminar. The City sent out notices to newspapers and unemployment centers, and forty people attended the seminar. Twelve local presenters spoke about a range of non-traditional forest industries including value-added wood products and tourism. Dane recalled, “We opened up perspectives on what opportunities existed within the industry. New business ideas clicked for some people, who then asked, ‘Can I do this? Would this be eligible?’” At the end of the seminar, the City provided applications to take home. There were two requirements to complete the application: 1) identification of the project, the need for the project and how the need would be addressed; 2) a description of matching funds up to $3,000, which could be contributed in the form of in-kind support.

Further assistance was readily available to grant applicants. Quite a few miners attended a Northeast Entrepreneurial Fund Program workshop, which was put together by several economic development agencies to teach people about business principles. Dane made himself available during the grant application process, telling participants, “Don’t worry about typing up the application or using a computer. Just handwrite the application and turn it in to me. I’ll transfer it and clean it up a bit before passing it on to the selection committee.” Dane also talked to individuals about how the grant would be leveraged. “We wanted to make sure that the applicants were putting something in too. The grant is intended to give people a boost, but it’s not possible to start up any business with only $3000 identified.”

The City of Biwabik delivered the grant applications to the USFS and Minnesota DNR. The selection was done by a multi-party panel that determined if the proposed projects met the forest-based industry participation standard. Establishing a multi-party selection process took a lot of pressure off of the local administrative staff, and the turnaround time on the grant selection process was outstanding. Applications were reviewed on February 20, 2001, and grant awards were announced a week later. The Forest Service provided the funds upfront to the City of Biwabik,
allowing for a rapid dispersal of funds to eighteen successful applicants. Due to the overwhelming response rate, the USFS provided an additional $10,000 to the Displaced Miner Grant Program, with nine local communities matching dollar for dollar.

**Internal Initiative and Flexibility were Keys to Success**

The Displaced Mine Employee Grant Program is a terrific example of internal initiative on the part of the US Forest Service. Individuals in the Northeastern Area State and Private Forestry Program recognized they could serve a need in the greater Biwabik area of Minnesota and helped connect funds to people in need. Krantz helped bridge a gap when Dane called to speak about grant opportunities. At the time, Dane was not aware of the $30,000 in funds available to implement a forest-based enterprise grant program. When Krantz and Dane collaborated on this project, the flexibility of the program development and implementation made it easy to get resources to individuals in need.

**Local Administration.** One of the reasons that the US Forest Service and the City of Biwabik were able to administer the grant program so easily was because the City did not require that any of the grant money be used to cover the City’s administrative expenses. Quite often, an administering agency requires a significant portion of a grant to cover overhead. With the initial funding only $30,000, Dane commented, “There’s no sense in taking money from people who actually need it to be employed independently.”

**Delivery of Funds to Grantees.** Many grants are disbursed using a reimbursement scheme, (i.e. the administering agency distributes funds to grant recipients and then puts in a request to a funder for reimbursement). In this case, the City was not comfortable using this funding option because they were serving over a dozen different communities within the local area. The Forest Service recognized this challenge and facilitated the disbursement by providing the money upfront. The City was then able to put the funds into a dedicated account and write checks directly to the participants. This flexibility made a tremendous difference, with minimal lag time between the mine closure and fund dispersal. The entire process, from the mine closure to the final grant award process, was only 3-4 months.

- Scott Dane

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- Scott Dane

Since we were working on a regional basis, the US Forest Service provided the grant money upfront. This made it easier for the City of Biwabik to administer grants to people from a variety of communities within the local area.

- Scott Dane
**External Selection Process.** Establishing an external selection process took a lot of pressure off local administrative staff. Minnesota DNR and USFS personnel reviewed applications to determine if the proposed projects met the forest-based industry participation involvement standard. Dane related, “I know a lot of people and have relatives in the community too. I didn’t want there to be any perception of impropriety.”

**Lessons Learned**

The lessons of the Displaced Miner Grant Program are simple but profound. The case demonstrates how a *small effort can have a big impact*. This was a proverbial win-win situation in which the community had great interest in facilitating gainful employment for displaced miners; the miners clearly wanted to find alternative work; and the Forest Service had resources and programs available to foster development of forest-product-related industries. All that was missing at the outset were the bridges between these groups that would enable each to realize its objectives. Once the *links were established*, the dedication and persistence of the city planner and Forest Service employees enabled the miners to understand and effectively respond to the opportunity.

*Partnerships form when connections are made.* No connections, no partnership! The first step is to recognize the people or organizations that have shared or complimentary interests and find ways to connect with them. It never hurts to pick up the phone and have a conversation. As Biwabik City Planner Scott Dane emphasizes, “the biggest thing that the Forest Service can do is to educate the public and public employees about the opportunities that are available with the Forest Service.” While resources and programs are often available within the agency, it is a matter of directly communicating this information to key contacts, and then following through with a flexible process that recognizes the needs and capabilities of the local community.

Too often partnerships like this one falter because the bureaucratic hurdles seem insurmountable and consequently not worth the effort. It’s as if the agency is saying, “Sure, we’re happy to help. Here are the twelve hoops you need to jump through and then, maybe, we’ll consider your application.” In the Displaced Miners case, those involved made sure that connections and *procedures were understandable and straightforward*, assisting in multiple ways. While the world of grants may be familiar terrain to the city and agency, it was not familiar at all to the miners. Dane’s willingness to help the miners with the application process may not seem like much, but it was critical.

**Contact Information**