

REWRITING THE RULES

—— 2019 ANNUAL REPORT ——

REWRITING THE RULES

A YEAR OF TRANSFORMATION

2019 ANNUAL REPORT



FUND FOR OUR ECONOMIC FUTURE

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“Not everything
that is faced can be
changed, but nothing
can be changed until it
is faced.”

– *James Baldwin*

This year was different.

2019 was a year of transformation for the Fund for Our Economic Future.

We launched and fully funded a new three-year strategic direction; we underwent a significant restructuring of our board to bring in fresh perspectives and increase our diversity; and we elected a new president, only the second in our 16-year history.

These significant changes were the result of our Fund taking a hard look in the mirror. Just 12 months prior, in *The Two Tomorrows*, we challenged Northeast Ohio to rethink what it considers success. We called on the community to combat systems of racial exclusion and make room for new voices and new leaders in a quest to become a more extraordinary region. If we are going to advocate for and work toward this kind of transformation, we must also be willing to transform ourselves.

We believe strongly that transformation requires transparency, broader perspectives and new voices, and greater connectivity among people, organizations and priorities. In the pages that follow, we recount the journey we took to make these changes and highlight some of the early results. Our work is by no means finished. In fact, it is just beginning.

Ever onward,



Mark Samolczyk
Mark Samolczyk
Chair
President and CEO,
Stark Community
Foundation



Bethia Burke
Bethia Burke
President



Brad Whitehead
Brad Whitehead
Founding President,
Senior Advisor for
Special Projects

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Transformation
requires
transparency.

Good is not good enough.

It may have seemed like a routine
personnel announcement:
“The Fund for Our Economic Future
elects eight new board members.”
But it was so much more.

Despite our best efforts over the years, we had failed to cultivate the kind of racial inclusion and diversity of thought we so strongly promoted in *The Two Tomorrows* and in our 2019-2021 strategy within our own organization.

Our \$100,000-threshold for membership and one-member, one-vote governance model had fulfilled their original intent and established needed trust. Smaller foundations could meaningfully participate without their voices being overwhelmed by larger ones, and non-Cleveland-based organizations were assuaged of fears that a Cleveland-centric agenda would dominate a regional focus. But at the same time, this governing structure hindered our ability to foster diverse leadership and effectively achieve our mission, given the inherent

gaps in representation and voice among institutional philanthropy, from where we draw the predominance of our membership. It was something we collectively recognized as a challenge but hadn't succeeded in changing.

The Two Tomorrows set in motion a desire for us to work on a solution that would increase the racial diversity of our board, enrich our expertise and enable us to more effectively advance our mission. A more than 12-month process led to the establishment of a new governing structure that enables membership either by financial or civic contribution, recognizing that the giving of time, talent and deep expertise is as critical to achieving our mission as financial giving. Unanimously approved, eight new civic members have joined our board and receive equal voting rights as funding members, with no financial obligation. These exceptional individuals bring rich experiences and fresh perspectives on issues ranging from entrepreneurship to neighborhood development to affordable housing. They will help the Fund expand its thinking and enable us to put forth more informed solutions.

In the pages that follow, we'll detail the process we undertook, the options we considered and the deliberations we had that got us to this place. This model is not perfect and we certainly don't have all the answers. But we believe where we landed will significantly enhance our decision-making and strengthen our work. What's more, we hope others will read this and ask what they can do to advance a Northeast Ohio economy for everyone.

The Background

Civic boards seek to diversify all the time, so what is so special about what we have done? “It is hard to overstate how powerful it has been historically to have a board with skin in the game,” said Brad Whitehead, founding president who now serves as senior advisor for special projects. “Our members do not just act as fiduciary stewards, they are the owners of the Fund and its work who have hashed out their priorities collectively, knowing they could not hide behind someone else’s weak grant report or distance themselves from decisions. The Fund’s actions are *their* actions using *their* money decided with *their* peers.”

When the Fund for Our Economic Future launched in 2004, it made national news. Never before had philanthropy tackled economic issues so collaboratively or on such scale. Our one-member, one-vote structure was unique. Member organizations contribute a minimum of \$100,000 in unrestricted funding over three years and are granted one vote in board decisions, regardless of the size of the contribution above \$100,000. These resources—historically our sole source of funding—form a pooled fund that supports the Fund’s pursuit of economic growth and equitable access to opportunity.

While each funding organization determines its own representation, the Fund prefers that those who serve on the board have funding decision authority, typically an organization’s president or CEO.

Since the beginning, we have been committed to diversity, equity and inclusion and have worked to incorporate these principles into our policies, our staffing, member leadership and engagement, our grantmaking and other activities, and in the outcomes that we seek. For instance, grants come with inclusion requirements.

While we have been persistent in pursuing diversity, equity and inclusion, our efforts have not always been successful. Organizationally, for example, we formed a non-voting advisory committee to review grant proposals and provide input to diversify decision-making. But with no voting power, this committee structure offered an insufficient vehicle to expand representation and voice within our Fund.

“When you’re too insular, you’re not being challenged to take risks as much as you should, which means you have the potential to get really comfortable with people and ideas,” said President Bethia Burke. “We were doing work in this closed off sandbox and were trying to figure out ways to open that up.”

Though it worked on many levels, our governance model ultimately prevented us from fostering a racially diverse and more inclusive board, given the systemic lack of racial diversity at the highest levels of philanthropic leadership. Changing our Fund’s governance structure, members determined, would be a powerful way for us to address this

very real problem within our own institution, while hopefully influencing all members to consider more inclusive practices as well.

But why now, after all these years, was a meaningful change possible? 2018's *Two Tomorrows* report was an important pivot point. This was the first time in our history we put out a statement on what we—philanthropy collectively—believed was needed for our community to advance Growth & Opportunity. This was not a report published in partnership with other organizations or groups. It was us standing on our own, which enabled us to be bolder and more forthright than we had felt capable in the past.

In a nutshell, here's what we said: "On a fundamental level, we are clinging to average, and average is not good enough. We are not innovating and investing to the level needed to drive and sustain global competitiveness.

"We also need to change what we consider to be success. Our Fund believes 'Growth & Opportunity,' or the mutual reinforcement of economic growth and equitable access to opportunity, must be a community imperative. Economic polarization and systemic racial exclusion are serious threats to our region's long-term vibrancy."

As we took a good hard look at the regional economy to develop a shared sense of purpose, we saw a greater-than-ever need for the organization to transform itself as well. Good was not good enough. If the Fund was pushing the community to come together around a mission of Growth & Opportunity, it must also reckon with ways to

become more inclusive and innovative by addressing the systemic race-based inequities in its own structure.



"We looked at *Two Tomorrows* and we said, 'We really need to live out the gospel that we're preaching and set an example for other organizations in the community on how you can create a greater diversity of perspective,'" said Chair Mark Samolczyk, president and CEO of Stark Community Foundation.

Exactly how to make that happen, however, was a different matter. As *The Two Tomorrows* report pointed out: "Combating systemic racial exclusion requires more; it requires changing minds, policies, practices, and laws," ultimately so there is more sharing of power. Was that something our members would be willing to do?

The Process

Our starting point: Increase the racial diversity of our board through the addition of new board members who would bolster our issue area expertise and improve our ability to advance our Growth & Opportunity mission. We began by identifying options and potential implications of any path forward, recognizing there would be some trade-offs among priorities.

Other important considerations:

- How do we maintain what we value about our Fund while having a board that both understands and challenges us?
- If a driver for this change is the inherent gap in diversity in institutional philanthropy, how can our actions serve as a means through which future leaders can be cultivated?
- How do we enable meaningful voice?
- How do we ensure new and existing members are equally valued?
- How might changes maintain, improve or reduce the potential for funding?

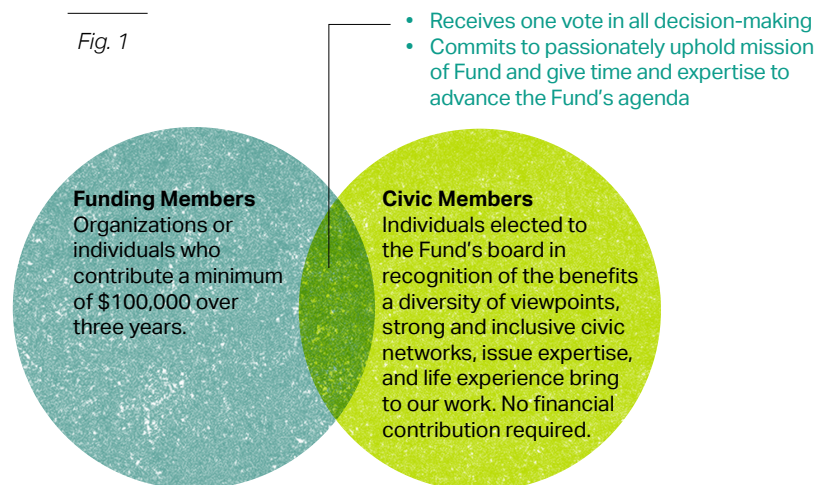
Led by our Nominating and Personnel Committee, members spent more than a year planning, gathering feedback and working on a solution. Advice and counsel of leaders of color both locally and nationally were sought throughout the process. In total, we considered

eight alternatives spanning from no change (not a viable option) to a bold restructuring. Some of the options considered included:

- **Lower the minimum threshold for financial contribution.** There's no evidence that a lower threshold would generate new members and we worried we could find ourselves in a place of diminished financial resources if existing members adjusted their contributions in response.
- **Pursue members from minority-led philanthropic organizations.** While we should pursue new members, it should not be our primary route to achieve our objective. It is unlikely such a pursuit would lead to a significant diversification. Moreover, we might need a stronger demonstration that we were truly willing to walk the talk before pursuing potential opportunities.
- **Develop sponsorship pool to expand board seats.** It was unclear from where new resources could be generated and sustainability of this option was questionable. There also were questions about how to construct this option in a way that enables enough board seats to make an impact and in a way that would not be construed as patronage.
- **One member, two votes, with an explicit objective to use the additional votes to racially diversify the board.** While it would maintain many principles of our current structure, a sudden doubling of our board would likely lead to significant challenges that

could undermine, rather than enhance, our objective.

What eventually emerged was a reorganization of the Fund's governing structure through an up to 30 percent expansion of the voting membership of the board. A key component of the plan is that new members would not be required to financially contribute. This effectively created two paths to Fund membership: one funding and one civic. All members hold the same decision-making authority (one vote) regardless of the type of contribution (see *Figure 1*).



"It really mattered to us that this be a real change and we felt strongly that change needed to value new members equally to existing ones," said Burke.

Because we recognized we could not address systemic racial exclusion with a race-neutral approach, we explicitly sought nominations of civic board members who identify as Black or Hispanic and who bring a range of skills, backgrounds and experiences currently lacking on the board that would help us more effectively achieve Growth & Opportunity. Among the considerations were leadership experience, potential contributions to the Fund's work, breadth of perspective and geography, and passion for the mission. And while not an explicit criteria, we also sought voices from the next generation of leadership.

"We recognized not only gaps in representation on our board, but also gaps in issue area expertise that were preventing us from effectively fulfilling our dual mission of Growth & Opportunity," said Deborah Hoover, president and CEO of Burton D. Morgan Foundation and chair of the Fund's Nominating and Personnel Committee. "The civic members' backgrounds and experiences are as vital to our achieving a more sustainable and equitable regional economy as financial resources."

Civic board members are nominated by funding members and elected to serve two-year terms that are renewable up to three times. More than 40 impressive individuals were nominated from throughout Northeast Ohio to fill eight seats. An expanded Nominating and Personnel Committee conducted a blind review of

the initial group to eliminate bias, meaning the selection committee first evaluated candidates' skillsets with no names attached. The list was narrowed using a mix of criteria and organizational needs. Strong agreement surfaced fairly quickly on the final eight. Each candidate was interviewed individually to confirm their interest in participating and all accepted the nomination.

The new members, elected in December, are Meredith Gadsby (Oberlin College), Treye Johnson (Federal Reserve Bank of Cleveland), Yentil Rawlinson (The Sherwin-Williams Co.), Victor Ruiz (Esperanza Inc.), Trevelle Harp (Northeast Ohio Alliance for Hope), Phoebe Lee (Affinity Apparel), Ricardo León (Metro West Community Development Organization), and Teresa LeGrair (Akron Urban League).

(The initial terms are deliberately staggered with four one-year terms and four two-year terms so the entire group does not turn over at once.)

“One thing I really respect about the Fund and this opportunity is that they were intentional about identifying the solution,” said Yentil Rawlinson. “This is an opportunity to have a positive influence on our region and the people who live in it.”

The Risks

Though meaningful, the structural change is not without its risks—whether through the loss of some funding (it happened) or condemnation from the community that the change is not enough.

“Somebody has to be the person who says, ‘I shall,’” Whitehead said. “We know that a step needs to be taken, and we’re going to take this step. We’ll welcome the criticism because we’re trying.”

In many respects, the Fund and its structure provide a uniquely well-suited environment to create such a model. The Fund’s three-year, unencumbered funding cycles have helped produce long-standing, committed members who are leaders in their own work.

“The Fund space is such a gift,” said Burke. “It is, in many ways, the easiest environment in which to take risks.”

Another identified risk: The potential for a lack of cohesion or disengagement. To combat this, a structured onboarding program has been designed to help new board members become acquainted with the Fund’s history and its operations, priorities and current initiatives.

Activities such as a retreat and pairing of new members with existing members will focus on reinforcing relationships between all board members and encouraging the camaraderie and collaborative decision-making central to the Fund’s work.

The Benefits

At the same time, the onboarding of new members should inspire existing members to self-reflect on inclusion in their own organizations, provide opportunities for socializing together, and offer ways to develop a deeper understanding of the Fund and its work.

"Change occurs when you ... begin thinking differently or more expansively about a whole variety of issues," Samolczyk said.

"If we aren't willing to think differently about what we're doing, isn't the real risk that in 20 years' time, 50 percent of Cleveland children will still live in poverty?" said Burke.

The risks aren't just ours. Given this is a new endeavor for our Fund, we acknowledge that the incoming board members are taking a risk as well.

The Fund's structure—which brings together philanthropic leaders focused on developing systemic solutions with a collective mindset—also creates a significant opportunity.

"Our greatest impact is when our members take what they learn through the Fund back to their own organizations," Whitehead said. "You get this radiating influence."

The publication of *The Two Tomorrows* opened a space to deepen the conversations around systemic racial exclusion. By working intentionally to address the inequity in its own structure, the Fund can serve as a model for other organizations.

"We did not discover racial inequity," said Burke, who was the primary author of *The Two Tomorrows*. "But I believe by talking more directly about race and racial inequity, we contributed to a change in the community's collective willingness to do so."

The hope here is that new voices will open up fresh ideas, spark innovation and increase opportunity. Confronting the systemic barriers to inclusion will offer a roadmap for others. And more inclusive decision-making will create better outcomes and eventually better systems.

What's at stake? Nothing short of the long-term competitiveness and viability of our region.

"We didn't get to where we are overnight, nor will we get to where we need to be overnight," said Samolczyk. "But if we don't recognize the issues in front of us and we don't start to act to correct the imbalance that exists, then we never will."

Transformation
requires
broader
perspectives &
new voices.

Our New Members



Meredith Gadsby

Associate Professor, Africana Studies and Comparative American Studies, Oberlin College

Meredith Gadsby has been teaching at Oberlin for nearly 20 years, and serves as a mentor for the college's Posse Scholars, a diverse cohort of students identified for their leadership potential who receive full academic scholarships. "It has been one of the most profound mentoring and advising experiences of my professional career."



Trevelle Harp

Executive Director, Northeast Ohio Alliance for Hope

Trevelle Harp loves technology. He spent 12 years as a CNC machinist creating prototypes for precision instruments before moving into a career in community organizing. But renting a two-family home in East Cleveland while attending John Carroll University helped him realize something else about technology. "Having technology doesn't matter if somebody can't benefit from it, if we don't solve the social problems in our world."



Treye Johnson

Regional Outreach Manager, Federal Reserve Bank of Cleveland

While at the Burton D. Morgan Foundation, Treye Johnson helped bring the Racial Equity Institute's trainings to Cleveland after attending a workshop in North Carolina as part of the Forward Cities Learning Collaborative. "It was the first time I'd ever been to a training around race that was data driven. ... We had this shared, powerful, moving experience, and none of us knew how to process it," he says. "We talked about it for hours."



Phoebe Lee

CEO, Affinity Apparel

Phoebe Lee comes from a family of female entrepreneurs. Her mother operated gourmet chocolate and candy stores and her aunt was a seamstress, cook and daycare provider. Her grandmother ran the Rainbow Inn Cafe, a Mississippi restaurant by day and juke joint by night. "All the women in my life ... had to find a way or make one themselves," says Lee, a trustee on Cuyahoga Community College's board. "It was kind of instilled in me."

Our New Members



Teresa LeGrair

President and CEO, Akron Urban League

After beginning her career in the private sector, Teresa LeGrair has devoted more than 20 years to Summit County's nonprofits, including the Akron-Canton Regional Food Bank, the Boys & Girls Clubs of the Western Reserve and the Akron Community Foundation. She returned to the Akron Urban League in August, after a short stint there in the mid-2000s, this time as its president and CEO. "I just always believed that what we did here was really important to the community," she says.



Ricardo León

**Executive Director,
Metro West Community Development Org.**

León was born in Puerto Rico and grew up in Cleveland's Stockyards neighborhood. In 2018, he became Cleveland's youngest community development corporation director when he was tabbed to lead Metro West, which oversees community development in the Stockyards, Clark-Fulton and Brooklyn Centre neighborhoods. "We're starting to have more general civic pride because people are getting more connected."



Yentil Rawlinson

**Director of Inclusion and Diversity,
The Sherwin-Williams Co.**

After several years with the Cleveland Clinic's office of diversity, Yentil Rawlinson now develops company-wide strategies to foster a culture of inclusion while leveraging that diversity in the workforce at Sherwin-Williams. She also is active with the Boys & Girls Clubs of Cleveland. "It's important for them to see someone who looks like them wearing a suit, who asks them about college and tells them they can be anything they want to be."



Victor Ruiz

Executive Director, Esperanza Inc.

As a member of the Cleveland Foundation's inaugural summer internship class, Victor Ruiz was placed in the Cleveland Metropolitan School District's central office. This experience shaped the path that would lead him to Esperanza, a mentoring, leadership building and support organization for Hispanic students. "Education is so much more than books, reading and writing. We wrap our arms around the family and see them through the entire process."

2019 Funders

Our work is supported by funding members who contribute a minimum of \$100,000 over three years; contributors and donors who give at smaller levels; and additional funding partners who support specific aspects of our agenda.

For information on becoming a funding member, please reach out to President Bethia Burke (bburke@thefundneo.org).

Funding Members

		<i>Briggs Family Funds</i>	Bruening
		Cleveland Neighborhood Progress	
			
<i>Elizabeth Ring Mather and William Gwinn Mather Fund</i>			
	<i>The George Gund Foundation</i>	<i>The George W. Codrington Charitable Foundation</i>	

<i>John Huntington Fund for Education</i>		<i>Kent H. Smith Charitable Trust</i>	
			
			
		<i>Wayne Growth Partnership</i>	

Contributors and Donors

Dorn Family Foundation

Hollington Family Fund

Sears-Swetland Family Foundation

Thomas and Shirley Waltermire

Supporting Funders



JPMORGAN CHASE & CO.



2019 Leadership

The Fund's board of directors is comprised of representatives of funding members as well as civic members. Each holds one vote in all decision-making. Elected officers, standing committee chairs, initiative leaders, at-large members, and large funders serve on an Executive Committee, which provides additional oversight.

**denotes Executive Committee member*

Officers

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Chair
Stark Community
Foundation

William H. Gary, Sr.,
Vice Chair
Cuyahoga
Community College

Anne Goodman,
Vice Chair
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Adam Briggs,
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Briggs Family Funds

Denise Griggs,
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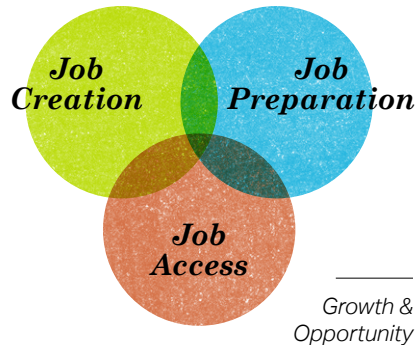


Brad Whitehead
Senior Advisor for Special Projects

Transformation
requires greater
connectedness.

2019 Snapshot

2019 marked the first year of the Fund's sixth strategic phase and its 16th year pursuing a Northeast Ohio economy with good jobs and rising incomes for everyone. To achieve our mission, we focus on strategies that connect and support job creation, job preparation and job access, with deliberate attention to systemic racial inclusion. Highlights of some of our major initiatives and achievements in 2019 follow.



Evaluating What's Next for Growth



Along with Greater Cleveland Partnership, JumpStart, the Cleveland Foundation, and Team NEO, we continued to support the Cleveland Innovation Project, an innovation assessment of Greater Cleveland aiming to answer the question "What's next for growth?" Recommendations are expected in mid-2020.

By the Numbers ...

\$10 million

fully funded 2019-2021 budget

\$2.4 million

committed in 2019 to support our agenda

36

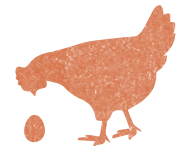
awards made in 2019



Implementing Partnerships to Improve Workforce Outcomes

Building on national best practices and the learnings of previous Fund-supported efforts, Workforce Connect is aiming to improve the talent pipeline in Cuyahoga County in the manufacturing, health care and information technology sectors, with support from our Fund, the county and several other funders. Similarly, we support workforce sector partnerships in Summit County through the work of ConxusNEO. These partnerships have the potential to significantly improve workforce development outcomes and spread their learnings throughout the region.

Seeking to Solve the Transportation Paradox



In 2019, we launched The Paradox Prize, an open call for big ideas to improve the mobility of Northeast Ohioans stranded economically by their geography. Supported by funding from the National Fund for Workforce Solutions, The Lozick Family Foundation, Greater Cleveland Partnership, Cuyahoga County, and the Cleveland Foundation, The Paradox Prize sourced more than 140 applications from 10 Northeast Ohio counties and has since awarded \$366,000 of the total \$1 million in award money to five winners. Additional winners will be announced in 2020.

2019 Paradox Prize Grantees

- Manufacturing Works
- Akron METRO
- SHARE
- Laketran
- Community Action Wayne/Medina

A Look Ahead

In 2020, we'll continue on the path we set for the Fund in this strategic phase to promote and encourage adoption of Growth & Opportunity strategies and support specific job creation, job preparation and job access initiatives, with an explicit focus on eliminating race-based inequities in employment and income. Highlights of this ongoing work include:

- **GROWTH & OPPORTUNITY STRATEGIES** in Lorain, Summit, Cuyahoga, and Stark counties, as well as the Mahoning Valley, are expected to continue to advance and bring greater cohesion to local communities.
- The implementation of recommendations coming out of the **CLEVELAND INNOVATION PROJECT** will be in full swing.
- We expect to see significant progress from **WORKFORCE CONNECT** and **CONXUSNEO** in their efforts to better connect employers and talent in the manufacturing, health care and information technology sectors in the region.
- The pilots funded through **THE PARADOX PRIZE** will give us a glimpse into early learnings that can be leveraged to build greater awareness around job access challenges and encourage businesses and others to make transportation more central in decision-making.
- A comprehensive **JOB HUBS** strategy will support the alignment of infrastructure and economic development investments and incentives to increase our economic competitiveness.

Finally, in continued commitment to greater transparency, we expect to conduct an **EXTERNAL EVALUATION OF OUR WORK**. In the eight years since our last third-party evaluation, much has changed that is worth reflecting upon. Such an evaluation will help guide our work into the future. We look forward to sharing the findings with the community. Onward!

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