

Steans Family Foundation

A Case Study in Place-Based Giving

In 1994, the Steans family had the satisfying experience of seeing three-quarters of the children in their I Have a Dream class graduate from high school – in fact, 90 percent of this classroom of low-income children mentored by the family was able to take advantage of the Steans’s pledge to send them to college. At the same time, the Steans family anticipated that their family foundation assets would soon expand exponentially through the sale of a bank. Parents Harrison and Lois Steans and adult daughters Heather, Jennifer, and Robin were determined to use their resources in a way that would have the maximum impact on disadvantaged children in their hometown of Chicago.

Place-based giving

The Steans family knew well the complex challenges facing the families they wanted to help. The IHAD children they had mentored experienced not only education-related problems, but a whole host of issues facing low-income urban families. The Steans family liked the model of focusing on a specific population, like the IHAD classroom, and knew that to make a difference – and encompass the many interests and skills of family members -- they couldn’t limit their giving to a single area such as housing or youth. Their conclusion: they would provide a broad range of assistance to a specific population, defined by their residence in a specific, geographic neighborhood. It was, as Heather Steans put it, the “sensible next step.”

Personal involvement

Family members hoped not only to put financial resources into a community, but to become personally involved, as they had been with their IHAD class. As a group, they brought significant skills to the task. Harrison Steans, a successful Chicago businessman, had been chairman of the board of NBD Illinois, Inc., and its predecessor institutions. His wife Lois had been the primary mentor for the IHAD class and was also involved with a variety of nonprofit organizations. Both Harrison and Lois had been honored for their philanthropic efforts, and they worked to instill the ethic of giving back in daughters Heather, Jennifer, and Robin. Each year the girls took the lead in providing Christmas food, decorations, and gifts to a needy family; they spent their summers playing host to a girl from the inner city.

As adults, the three daughters had become accomplished professionals who were civic leaders in their own rights. Robin, a lawyer with a master’s degree in education from Stanford, served as director of the Small Schools Coalition and Associate Director of Leadership for Quality Education, a business-backed education organization based in Chicago. Heather, with a degree in urban policy from Princeton and a masters in public policy from the Harvard Kennedy School, had worked for two state governments and as director of the inner-city business development committee of the Commercial Club of Chicago. Her twin, Jennifer, had a graduate business degree from the Kellogg

School at Northwestern and had held high level business positions, including serving as a senior management consultant for Deloitte & Touche. Each of the family members served on numerous charitable and civic boards. Now they were ready to put their energy and skills to work in a specific Chicago neighborhood.

Staff

Appreciating that their approach would require a significant amount of work and demand certain expertise, the family decided to hire a staff person. They were acquainted, through IHAD, with someone who seemed to have all the right skills. Greg Darnieder had spent fifteen years working with youth in one of Chicago's toughest housing projects, Cabrini Green. When he was approached to join the foundation, he was working for the Chicago Cluster Initiative, which had allowed him to meet the heads of most of the city departments, as well as some key community groups.

Greg understood how hard it was to make a difference in young people's lives. Initially an outsider to the community – "it's a long way from Wisconsin to Chicago public housing," he quips -- he also had an approach and attitude that made it possible for him to be successful as a white man working in an urban African-American community. He knew that, while it was important to "bring something to the table, you have to be able to not force your ideas on others." Instead, sensitivity, being a good listener, persistence, and most important, building trust were his mantras. He also had "a good strategic mind," but "doesn't pretend to know things he doesn't know," according to one staff person. His skill and straightforward approach would become one of the foundation's greatest assets.

Planning

The family and Greg spent eight months shaping the foundation's new program. They read and talked with people about comprehensive community initiatives, formulated a set of principles, and looked at five different Chicago neighborhoods. During this time, Greg and Robin Steans traveled to Baltimore on a trip organized by the MacArthur Foundation to see the Enterprise Foundation's work in the Sandtown community. While Greg and the family were intrigued by the approach, they understood that Enterprise was a foundation with assets far in excess of the \$3 million they had to work with. And while they knew the Steans assets would grow, they wondered if a small foundation could position itself to leverage other private and public resources if it went in with a "core commitment of time and focus," according to Greg.

They decided to give it a try. Their theory of change was a simple one: that effective neighborhood revitalization must come from and be sustained by the community. Their role would be to build relationships, listen to residents, and support initiatives that filled key gaps. They believed that education was fundamental to economic development (education was a strong interest of the whole family, particularly Robin and Jennifer, who both had been teachers), but they also understood that many factors affected school success. Therefore, while education would be a major focus of their efforts, they

intended to address a broad range of community needs, including housing, economic development, health and human services, and quality of life.

Choosing a community

The first question facing the family was *where* – which neighborhood should become the focus of their efforts? Need was the number one criterion, but many communities in Chicago fit that bill. The family considered Cabrini Green, knowing that they could take advantage of Greg’s established relationships there, but concluded that working in a community dominated by public housing would be too difficult, especially since the public housing system was slated for huge changes. They looked at four other neighborhoods, considering whether they had a connection with someone who could introduce them to the community and whether the neighborhood had a base of “assets” that the foundation’s resources could put to productive use.

The community of North Lawndale met these criteria. Located close to downtown Chicago, North Lawndale had been a middle class Jewish neighborhood in the first half of the 20th century, the corporate headquarters of Sears Roebuck and Co., and home to Mt. Sinai Hospital and Roosevelt Road, the best known Jewish commercial street in Chicago. But the white flight of the 1950s and race riots of the 1960s had destroyed most of the businesses along Roosevelt Road. Industries closed, and Sears moved its headquarters downtown. The neighborhood lost nearly half its housing units as they deteriorated and were abandoned. The population, which had peaked at 125,000 in the 1960s, plummeted to 45,000 by 2000, virtually all African-American. More than 70 percent of families were headed by a single parent, 40 percent of the population was unemployed, and half were receiving public assistance. While the wide avenues and elegant greystone and brick town houses stood as evidence of more prosperous times, the boarded-up buildings, more than 3,000 vacant lots, and torn up pavement evidenced the area’s decline. Because of the area’s high crime, drug traffic, and economic despair, the *Chicago Tribune* had focused on North Lawndale for its series entitled “American millstone: An examination of the nation’s permanent underclass.”

At the same time, there were signs of hope. The original corporate headquarters of Sears, Roebuck was slated for redevelopment. A community center at Homan Square was in the planning stages, and the City of Chicago had committed to invest up to \$50 million over five years in public works. New homes were being built, attracting back some of the middle-class African-American population that had fled the area a decade before.

The faith-based community, particularly the Lawndale Community Church, had taken a leadership role in promoting the community’s revitalization. The foundation found the entrée it needed for credibility in the church’s pastor, Wayne Gordon, who had gone to school with Greg and was willing to make a few phone calls to introduce Greg and the family to the community.

At work in North Lawndale

In 1994, the Steans Family Foundation trustees voted to adopt North Lawndale as the focus of its efforts for a five-year period. The foundation moved quickly to look for office space both in the community and in downtown Chicago. Although Harrison Steans favored space in the local bank in North Lawndale, Greg recommended a more neutral and central location. They found space in a three-flat home that had been rehabbed by a local faith-based group and opened a small office that could be used for meetings, to incubate community organizations, and to serve as a symbol of the foundation's long-term commitment to North Lawndale.

While a traditional approach might have been to issue a request for proposals, or to call on community leaders to draft a comprehensive plan, the foundation did neither. Rather, Greg and the family members met with a wide range of community members.

One goal of foundation was to use its resources – human and financial – to leverage additional support for the neighborhood and to adopt program models that had been successful in similar communities. Robin was aware of a “learning network” in the neighboring community of West Humboldt Park that had brought together principals to improve instruction and enhance resources. At the same time, the foundation knew that the Annenberg Challenge had earmarked \$50 million in funding for networks of Chicago schools. To position North Lawndale to take advantage of this potential funding, the Steans Family Foundation sent out an open invitation to school principals to join a learning network, and Greg met individually with the principals of over a dozen of the 25 schools serving the community to sell them on the idea. It worked – and the North Lawndale Learning Community (NLC) was born in 1996. “It didn’t cost any money,” notes Robin. “It worked in part because we were a neutral party. If one of the principals had stepped forward to do it, it might not have been so easy.” The NLC won an Annenberg Challenge grant of \$950,000 to foster collaboration among the schools and the neighborhood.

A second early project of the Steans Family Foundation did involve a modest amount of grant money. At a conference sponsored by the regional association of grantmakers in their area, Heather had heard of the success other foundations had experienced by making small grants available to the community. She decided to put \$25,000 into a small grants program, and asked select community members – including a school principal, a pastor, and an officer involved in community policing -- to join her and Greg on the team making the funding decisions. This design sent a message to the community: “We trust you to make decisions about what the community needs,” as one staff person put it. It also gave the foundation a chance to learn more about the neighborhood and its residents, and to “build a level of acceptance and entrée to other organizations,” according to Greg. In 1996, initial grants went to support youth activities, neighborhood beautification efforts, and block associations. In the second year, the fund was doubled and several grant recipients joined the selection committee.

The third project of the first year was to issue a request for proposals for summer youth programs. By this time, Greg and the family members had been in contact with a number of groups for months. They felt it was important to demonstrate as soon as possible that they weren't all talk. A small grant to a youth group would give a large boost to summer programming, so the foundation saw this as a way to use \$50,000 to build relationships with several groups.

To get to know the community and to build trust, family members and Greg volunteered in the neighborhood and joined local groups. The Steans daughters brought their own children to events. Little by little, the comments of residents and the increasing comfort level of staff in interactions with community members demonstrated that the foundation was gaining the trust of the community.

The Steans approach

As the foundation's programs grew, it added staff, most of whom had experience with nonprofit organizations serving low-income families and shared Greg's attitude of respect for the community. With added staff, the foundation gradually created systems for accepting and reviewing proposals, sharing information among staff and trustees, tracking and evaluating outcomes, and otherwise managing its work.

While refining its programs, it continued the approach it had employed in its first year: instead of leading with money, the foundation used its expertise and convening power to bring people together around common goals; it applied resources and connections to leverage additional resources and involvement; it brought innovative new programs to North Lawndale; and it let community members "own" its efforts by inviting them play leadership roles.

Collaborations

For example, foundation trustees were enthusiastic about the idea of Individual Development Accounts (IDAs) – matching contributions to bank accounts for low-income individuals saving for important goals like higher education or home ownership. As a banker, Harrison, who had heard about IDAs from the Joyce Foundation, appreciated the importance of savings to purchase assets, and wanted to establish a large pool of funds to match participants' savings on a two-to-one basis. But the nonprofit organizations the staff contacted had questions – how would it work? Where would the money come from?

Initial research on this wealth creation strategy was conducted by an intern working at the foundation and fully developed into a concept paper for North Lawndale when she was hired as a program officer. The federal government had recently issued a request for proposals to fund IDAs, and the foundation seized upon the possibility of bringing a group of community agencies together to begin discussing implementation strategies for an IDA program in North Lawndale. The foundation invited housing groups, credit counseling services, employment organizations, and schools to meet about the possibility

of applying for a grant. After several meetings over a three-month period, the group came to agreement and launched the program, which was staffed by the foundation. Steans staff, along with interns from the Foundation and another local group, wrote a grant proposal, resulting in the North Lawndale IDA Collaborative receiving a federal grant of \$386,000 to start the Save Up! Program and new groups joining the alliance. The foundation provided dollars to match the federal funds and covered all of the administrative costs of this program.

But even with federal support and community leadership -- and a promised 2:1 match for each dollar saved -- the program was a hard sell to a neighborhood with a history of bad experiences with unscrupulous lenders. The match itself raised red flags – in their eyes, it was hard to understand who would offer such terms except someone trying to take advantage of ignorant consumers. Again, building trust was an imperative. The Collaborative launched a small marketing campaign, and its members introduced their clients to the program, which emphasized basic budgeting, credit counseling, and home buying classes instead of the accounts. Word of mouth spread, especially after one account holder bought a house. After 18 months, over 100 residents had opened Individual Development Accounts.

Other collaborations that have resulted from the foundation's efforts include the North Lawndale Employment Network, focusing on job readiness and creation, the FOCUS Youth Collaborative, twelve faith-based groups who work to create opportunities for youth, and the Lawndale Restorative Justice Collaborative, organized to reduce the number of youth involved in the criminal justice system.

Staff attribute their success in working with the community to the foundation's general approach of being a partner, rather than a funder. "We don't go in throwing all this money at the community," notes Associate Executive Director Cynthia Curry Crim. "We see it as a delicate balance – we try not to influence too much. A 'take control' attitude wouldn't work," she adds.

Rather, staff people see their role as doing "whatever it takes." That usually means not chairing the meeting, but issuing invitations as a "neutral" party and pitching in when there is work to be done. Sometimes it means advocating for the community with other funders. Other times it means issuing a Request for Proposals (RFP) but ultimately funding every applicant – after a long technical assistance process.

Leveraging resources

To make its limited dollars go further, the foundation has looked for ways to leverage its contributions. One way has been to provide matching funds that are often required as a condition of receiving federal grants; for example, the Steans Family Foundation has provided the local support necessary to bring AmeriCorps members to North Lawndale. In other cases, it has used its connections to attract outside support. For example, staff member Susan Munro's involvement with a network of providers serving families with young children made her aware of the large number of lead poisoning cases in North

Lawndale. Realizing that no local group was working on the issue, she brought interested people together, helped the local health clinic write a grant proposal to fund an innovative model, and, as a result of her involvement with Loyola University, enabled North Lawndale to become one of three communities where Loyola's ChildLaw program focused organizing efforts around lead poisoning.

Family members have also used their connections on behalf of the neighborhood. Lois Steans's involvement with Ravinia, an outdoor musical theater north of Chicago, led to the Lawndale Ravinia Partnership, which brought educational and musical events to the neighborhood. Heather Steans serves on the board of the Erikson Institute, a leading higher education institution focusing on early childhood education, and her husband Leo Smith runs a political action committee that encourages legislators to fund programs for "zero to three." Because of their connections, North Lawndale was selected as the only Chicago site for a birth-to-three network funded by foundation and the Illinois Department of Public Health through the Ounce of Prevention Fund.

"You can't do this without a team of people at the core," explains Greg. The family members bring "their own inquisitiveness, involvement, and another set of relationships and information." At the same time, the foundation's connection to North Lawndale organizations gives other foundations a level of comfort that makes the community an attractive place for grants. "A big role we play is providing due diligence for other funders," notes Jennifer Steans. "We know many of the players in the community."

Innovations

Often projects are introduced when family members or staff see a program working in another community. "We copy people," notes Jennifer. Other projects are undertaken when a need arises. For example, when staff realized the large number of grandparents raising grandchildren in North Lawndale, it organized a "friends of grandparents raising grandchildren" group involving representatives from various agencies and government groups. Eventually, this emerging network may lead to building a core of services for this population.

The foundation responded to a major community need by helping to found the North Lawndale College Preparatory Charter High School. It had been very involved with one of the two high schools serving North Lawndale, but that school had a focus on vocational training. While families interested in a college preparatory program could apply to one of the city's magnet schools, students often didn't qualify because of their poor elementary education. To make a college prep program available to North Lawndale, the foundation worked in partnership with I Have a Dream and United Airlines (which had sponsored an elementary school class in North Lawndale), as well as the Polk Bros. and Mayer and Morris Kaplan Foundations. Together they established a charter school offering 350 graduates of Chicago elementary schools, about three-quarters from North Lawndale, the chance to experience a rigorous curriculum that prepares them for higher education.

Working as much as 30 hours a week at the foundation, Robin Steans played a pivotal role in creating the school, convening meetings and helping to draft the charter application. She and Greg continue to serve on its Board of Directors (Greg chairs the Board) and, as a result, have played an active role in the school through its ups and downs, including the hiring and firing of three principals in two years. The foundation has been active in the school's capital campaign to raise \$2 million -- its share of the cost of renovating the public school building where the charter school is housed. However, even with its major commitment to the charter school, the foundation has continued to put substantial amounts of money into other neighborhood schools.

Challenges

The foundation has not won over everyone in the community. "Some groups don't want us, don't like us," notes one staff person. "They don't come." But more often, invitations to community groups to convene around common interests have met a positive response.

Sometimes the work is frustrating. The staff tries to "manage the expectations" of family members; results are sometimes slow in coming and hard to demonstrate. "The work we do is like rehabbing a house – it takes three times longer, is three times more expensive, and three times more frustrating than you think it will be," says Greg.

At times, cultural differences present challenges. Occasionally, the foundation wants groups with different styles to work together, which can lead to initial discomfort. For instance, one initiative involved the North Lawndale Learning Community, which is oriented toward developing and implementing programs, and ACORN, an advocacy organization focused on community organizing. "Their styles didn't mesh," noted Foundation staff member Susan Adler. "There were many instances of miscommunication."

Another source of frustration – loss of control over projects – is inherent in the foundation's operating philosophy, which requires giving the community ownership of the projects it seeds. For example, while the Foundation would like to see the North Lawndale Learning Community expand to include additional schools, its members disagree and the network has grown only slowly. Although the group has embraced a number of foundation suggestions, including several high-profile teacher award programs, it has at times encouraged educational approaches, such as a highly standardized curriculum, that staff and family members find less promising. "We have to take the lead from the people who are there and going to do the work," Robin notes. Similarly, working with a dozen different schools has brought the foundation into contact with principals they have found unresponsive. "Our success hinges on their success," notes Robin. "But we can't control who is in those positions. Even if we could, it would be poison."

Exit strategy?

Like Robin, other family members have devoted significant time to the foundation, sometimes acting as staff. Over time, family members' involvement has evolved, waxing and waning as they committed time to particular projects and as their own lives have changed with the birth of children and engagement in new activities.

But their commitment has not wavered. Steans' initial five-year undertaking turned into an open-ended multi-million dollar commitment to North Lawndale. "I'm sure we'll be there as long as there is a need," explains Heather. But that doesn't mean the foundation isn't interested in putting itself out of business in North Lawndale through the improvements it is able to foster and by building the community's ability to help itself.

Mature programs, like the Small Grants Initiative and North Lawndale Learning Community, have been spun off as separate nonprofit organizations, although the foundation may continue its involvement through a seat on the board. By sitting on the board, "we share responsibility if something fails," notes Robin.

Unlike many funders, the Steans Family Foundation has never shied away from supporting the general operations of organizations, and has sometimes made multi-year grants. As the foundation has grown, it has moved toward more formal grant proposals; however, staff members still gather information and look for new opportunities. Family members may do "due diligence" themselves, using their ties in the community. While the family views the expertise and efforts of staff not as overhead, but as an important part of its package of support for the community, they do not count staff salaries toward the required five percent of resources given as grants.

Steans has also invested in building the capacity of community groups. For some, that has meant hiring a lawyer to help them file with the Internal Revenue Service to become tax-exempt nonprofits. Steans, through its small grants program, has funded individuals as well as nonprofits that lacked legal "501(c)3" status; most foundations and government agencies limit their grantmaking to groups with the legal designation.

Others had management challenges that limited their impact. "People may have great ideas, but may not be good time managers, or have no systems or processes," notes Associate Executive Director Cynthia Curry Crim. "Their board members may be their friends, but not fundraisers." To address these needs, Steans has become very intentional about organizational capacity building. The foundation has partnered with a local university to expand its online nonprofit management program to include meetings with professionals for a North Lawndale cohort. Consultants have been asked to give workshops on financial management and provide individual help to groups working on strategic planning, board development, fundraising, and other issues. In addition, the foundation funds eight to ten interns in agencies in a year; these young people bring energy, talent and new ideas to the organizations and often stay beyond the term of the internship. Program officer Willie Cole continually looks for innovative ways to build

organization capacity and to encourage community residents to take of the reins of leadership.

For some organizations, like the Carole Robertson Center for Learning, building capacity has meant providing funding to build new facilities and increase available services. And in still other cases, getting government involved early on offers both an “exit strategy” and the opportunity to see reforms adopted citywide. For example, once Chicago Public Schools personnel saw the success of a North Lawndale reading initiative, they adopted the approach in other schools facing similar challenges.

Measuring impact

Like many donors, the Steans family is eager to see the impact of its work. In 2002, the foundation hired Community Development Associates to document and analyze four programs in which it has played a major role. But given the long-term nature of community change, “we may not see results for ten or twenty years,” notes Cynthia.

Since its investments have focused on a community, rather than a single issue or organization, the foundation might consider changes to the overall well-being of the neighborhood to measure results. However, staff are mindful that that changes, positive or negative, “might have nothing to do with us. An economic shift or state budget crisis may have a lot bigger impact than the \$2 million a year we invest,” says Susan Munro.

Because of the problem of attribution, the foundation takes little credit for larger community trends. Staff do document successes related to foundation grants and initiatives: 52 of 65 students from the first graduating class at the charter school are in college, three IDA participants have bought houses, many new teachers have joined the ranks in North Lawndale schools, and new homes are being built. The Steans Family Foundation’s presence in the community has attracted support from large foundations, including \$750,000 from the MacArthur Foundation, as well as government agencies. In part because of the foundation’s connections and the community’s readiness, North Lawndale has become the site of several public-private partnerships, leading to major investments by the city of Chicago and state of Illinois in schools, childcare centers, job training, park facilities, health centers, housing construction, and early childhood support. The Foundation can point to dozens of city-wide organizations, governmental agencies, philanthropic foundations, and universities now working in North Lawndale, and explain its role in bringing many of them into the community. It can also document its role in the formation of ten neighborhood coalitions and several more nonprofit organizations serving the community.

Ultimately, the impact of the Steans Family Foundation may be understood most compellingly through the stories of the individuals whose lives it has affected. In 2001, Renita Jackson-Keys became the first person in the North Lawndale Save Up! IDA Program to buy a home. She was able to do this by depositing her Earned Income Tax Credit in her IDA account, taking advantage of a Steans’ loan program for individuals

working in North Lawndale schools, and working with a local nonprofit that put together a package of grants and loans.

Jermaine Ferguson, a 2002 North Lawndale College Prep graduate, is pursuing his dream of becoming the first college graduate in his family. The charter school, started with help from the Steans Family Foundation, sent Jermaine to a leadership camp in Colorado, a summer program at Tuskegee University, and an internship with Lucent Technologies. It also gave him the academic preparation and confidence he needed to succeed. “I came into North Lawndale College Prep thinking I was pretty dumb,” he says. He graduated a school leader with a 3.4 GPA.

Isaac Lewis was an early recipient of the Small Grants Initiative. Harrison Steans encouraged him to “think bigger” than the neighborhood newsletter he had proposed. The result? A thriving monthly newspaper reporting the good news in the community, offering affordable advertising opportunities for local businesses and helpful advice for residents.

“How do you measure the impact of a newspaper?” asks staff member Susan Munro. In the end, the contribution of the Steans Family Foundation to North Lawndale may be just as obvious and hard to measure as the community paper it helped to found.