A Community Civic Catalyst for the Ages

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Good morning, ladies and gentlemen. It's a special pleasure for me to join you today to talk about what has often been called "Cleveland's contribution to the great ideas of the world" — the community foundation. I am especially pleased to focus this morning on the vital role of civic catalyst, one that The Cleveland Foundation has now played for more than 80 years.

This function was central to the concept of a community foundation when the idea was first envisioned, and it has remained so throughout our history. To this day, our overarching role is that of a civic partner working to strengthen the Greater Cleveland community, both now and for generations to come.

The community foundation was the brainchild of Frederick Harris Goff, a prominent Cleveland attorney and civic leader in the early 1900s. Goff first came to Cleveland at the close of the Civil War as a young boy traveling aboard a freight train in a boxcar he shared with the family horse. He attended the Cleveland public schools, borrowed the money to attend college, and returned to Cleveland after graduation, working at the public library in order to pay off his college loan and at the same time borrow books to study the law at night.

He was admitted to the bar at the age of 25 and began a highly successful career as an attorney with what was then called Cleveland Trust. Over time, Goff earned a reputation as one particularly qualified to handle, with what was described as "unremitting faithfulness and intelligence," the difficult problems and care of large estates. He was especially skilled at managing these types of estates after the death of the founder.

His exceptional qualifications and professional ethics came to the attention of John D. Rockefeller, who thought enough of Fred Goff to invite him to assume charge of Rockefeller's legal affairs. For various reasons, Goff declined the offer and chose to remain in Cleveland, a decision which turned out to have far-reaching benefits neither Goff nor Rockefeller could have foreseen at the time.

In his capacity as a counselor to and administrator of large estates, Goff was growing increasingly frustrated with the constraints imposed on charitable dollars in the wills he was called upon to administer. The constraints, which may have been appropriate when the wills were drawn up, were often irrelevant to the needs of the day by the time the dollars became available. Legally, however, they were virtually irrevocable.

Goff saw little use for charitable dollars dedicated in perpetuity to beautifying cemeteries or supporting defunct religious cults when all around him, critical needs in the community went unmet for lack of funds. He also realized how quickly even the most appropriate charitable gifts might be rendered irrelevant over time, and how little flexibility these gifts provided to meet changing human needs.

"Unquestionably," he said, "those who were charitably inclined in Panama 25 years ago would have dedicated their gifts to hospitals for the cure of yellow fever, ignorant of the fact that the real need was to provide funds to drain the swamps and spray the marshes with oil." However, no mechanism existed by which dollars dedicated to hospitals could legally be spent to eradicate mosquitoes and achieve the same charitable goal.

Goff referred to these constraints as the "Dead Hand of the Past" strangling the life of the present. The term had been coined in 1880 by Sir Arthur Hobhouse in a book documenting the outmoded and sterile charities that had accumulated in the British Isles. Goff's copy of Hobhouse was filled with scribbled notes indicating his concern with similar conditions in this country.

Goff was not seeking further documentation of the Dead Hand's withering effect — he was pursuing a solution. As he pondered the problem and how it might be resolved, he cited the Dead Hand and its evil effects so often in dinner-table conversation that one of the Goff children finally asked her mother, in some fright, exactly where the Dead Hand lived — was it under the staircase?

As Goff's frustration grew, however, he began to envision a means by which to address this dilemma. He wanted, he said, "a helpful agency near at hand for making philanthropy more effective and for cutting off as much as is harmful of the dead past from the living present and the unborn future." He wanted "to apply reason and sympathy and discretion to the terms of antiquated flats." He understood the problem completely, and his solution to it was the community foundation.

The idea was wonderfully simple: a community endowment, built through charitable gifts of all sizes from donors in all walks of life, and dedicated to the community's needs. The distribution of income from
this endowment would be overseen by a volunteer committee of civic leaders, the majority of whom would be appointed by public officials rather than by the bank.

Members of this Distribution Committee were to be chosen for their knowledge of the community above all other qualifications, because the problems they would be called upon to address, Goff said, "require time, patient study, a trained mind and political wisdom, and the hurry and bustle of the banking room and the law office are often ill-adapted to their solution."

He was an effective thinker and leader, able to persuade others of the wisdom of his idea. The world's first community foundation was established on January 2, 1914, when the Board of Directors of Cleveland Trust adopted the Resolution and Declarations of Trust which brought The Cleveland Foundation into being.

Goff envisioned three key roles for the new community foundation. First, it would build a community endowment from diverse donors. Second, it would use the income from that endowment to support projects and programs working to benefit the community. Third, and perhaps most important of the three, it would provide civic leadership.

The new Foundation had no endowment and no income, but it promptly assumed its leadership role by undertaking a series of civic surveys. The survey approach was highly influenced by the work of the Russell Sage Foundation, which had pioneered the concept and had underwritten the great 1907 survey of living and working conditions among Pittsburgh steelworkers.

The Cleveland civic surveys were intended to achieve two objectives: build public recognition and attract dollars. Behind them lay the belief that the Foundation should prepare for its future responsibilities and, because of its civic leadership role, should undertake tasks which other agencies could not. Additionally, documents from that period stress that the Foundation must "constantly stand before the community as the embodiment for a new point of view — a view which places prevention ahead of relief and wise inducements to self help ahead of almsgiving."

The Foundation quickly decided that its future need and present obligation would best be met with what became known as a "survey policy," which involved securing the most comprehensive and thorough information possible on social conditions and agencies in Cleveland. The policy had four elements: the study of one important social interest at a time; thorough, expert and impartial evaluation; building a body of information to guide future distribution of Foundation funds; and employing the survey results as a means of public education.

Three of the early surveys are particularly noteworthy: a survey of education, begun when the new Foundation was only a year old, a survey of community recreation, begun in 1917, suspended during the war and completed in 1919, and a criminal justice survey conducted in 1921.

The education survey produced 25 reports on a wide range of educational issues. Consistent with the survey policy, it was used as a method of educating the public about education and the schools. A six-year follow-up period subsequent to the survey brought about significant changes in legal issues, board issues and leadership, as well as strengthening teaching staff and improving teacher salaries. The survey attracted nationwide attention, and nearly 100,000 copies of its findings were sold.

The recreation survey addressed the growing phenomenon of leisure time for the worker. It led to the formation of the Cleveland Recreation Council, which was Cleveland's first city recreation department. It differed from the education survey in two key ways: it reported information, but also developed and promulgated a philosophy of community action around the issues being examined; and it recommended specific directions for progress. This survey and its subsequent follow-up led eventually to Cleveland's nationally recognized Metroparks system.

The survey of criminal justice differed in still other important ways. Directed by Harvard Law School Dean Roscoe Pound and future Supreme Court Justice Felix Frankfurter, the criminal justice survey dealt with subjects outside the usual scope of "charity" but which affected the whole community. The survey was overseen by a 50-citizen advisory body and led to the founding of the Cleveland Association for Criminal Justice. This badly needed survey was made possible because Frederick Harris Goff funded it with half his salary as president of Cleveland Trust.

With its function as a civic catalyst under way, the Foundation in 1917 named its first Distribution Committee, the governing board of five citizens who would oversee grantmaking. The Mayor of Cleveland appointed a woman, Belle Sherwin, to that first Committee, and in subsequent years the mayoral appointment traditionally was a woman. Miss Sherwin was succeeded in 1924 by Goff's widow, who served for
eighteen years. The Committee was expanded to eleven members in 1967, the same year that Dr. Kenneth Clement, a noted local surgeon, became the first African American member.

By the time of Frederick Harris Goff's death in 1923, his idea had spread far beyond Cleveland. Nine community foundations were established the year after Cleveland was founded, and five more the next year. The first out-of-country community foundation was established in Winnipeg, Manitoba in 1921. By 1925, there were 55 community foundations across North America. The vast majority of them were in the Midwest, reflecting this region's strong tradition of self-help, philanthropy and charity.

As the idea grew, so did the assets. At Goff's death, the Foundation had acquired assets of $367,452 and had $7,637 available for grantmaking. By 1933, ten years later, assets had grown to nearly $6 million. By 1943, they had topped $8 million, and since then assets have doubled — or more than doubled — every ten years. In 1957, the Foundation made a landmark $1 million in grants. Only six years later, the assets stood at just under $48 million and the Foundation awarded nearly $3 million in grants.

Then as now, our growth was driven by prudent investment and the type of giving Goff had envisioned for the community foundation: gifts large and small from donors in all walks of life. A few examples from the Foundation's hundreds of donors may give you some sense of the breadth and scope of the gifts and the givers.

Harry Coulby was born in Nottingham, England, and came to America at the age of 17 in hopes of sailing the Great Lakes. Instead, he joined a shipping company, rising from secretary to partner in Pickands, Mather & Company. He commanded the company's fleet of 52 lake freighters, assembled a personal fortune in the process and earned the title "Czar of the Great Lakes."

When he died childless in 1929, he left $3 million to The Cleveland Foundation for the needs of the community in which he had achieved his success. His gift has a market value today of more than $45 million, and has generated millions of dollars in grants to health care and the needs of children and young people.

Katherine Bohm also was an immigrant who came to Cleveland from Germany at the age of 16. She worked all her life as a laundress for prominent Cleveland families, living quietly and modestly in three small rooms. She was almost blind and had suffered the amputation of one leg before her death in 1936 at the age of 80.

We have no idea how she learned of the Foundation, but she left us her entire estate of $6,500 for unrestricted grantmaking. The first grant from her fund purchased prostheses, glasses and dental work for those persons who needed such help to secure employment. The Katherine Bohm fund has made $23,000 in grants since its inception, and is valued today at nearly $37,000.

Edith Anisfield Wolf used a fund at the Foundation to honor her father, John Anisfield and her husband, Eugene Wolf. As a trustee of the Cleveland Public Library for many years, she worked to ensure that it was representative of all world cultures and served the widest clientele. She was keenly interested in social service, and established the annual Anisfield-Wolf Award for community service, which is given to a local nonprofit agency.

She was also a pioneer in what was then known as "race relations," and in 1936 established the Anisfield-Wolf Book Awards at The Cleveland Foundation to recognize those books which made important contributions to our understanding of racism or our appreciation of the rich diversity of human cultures.

The Book Awards will celebrate their sixtieth anniversary next spring, and the list of winning books and authors reads like a "Who's Who" of twentieth-century writers from around the world, including Julian Huxley, Langston Hughes, Zora Neale Hurston, Gunnar Myrdal, Alan Paton, Maxine Hong Kingston, Toni Morrison, Wallace Stegner, Nadine Gordimer, Wole Soyinka, Raul Hilberg and Martin Luther King, Jr.

While most of our donors have been individuals, The Cleveland Foundation also grew through family philanthropy. One of the many "firsts" associated with the Foundation is the first community foundation supporting organization, formed in 1973 when John and Frances Wick Sherwin affiliated their family foundation with the community foundation.

Today, we have nine supporting organizations, and the Sherwin example, which John Sherwin himself devised, is the model for every supporting organization at community foundations around the country. John Sherwin's cousin Belle Sherwin was the first woman Distribution Committee member back in 1917, and today, three generations of Sherwins have continued the family tradition of philanthropy.
Finally, in late 1993, St. James African Methodist Episcopal Church established the Friends and Members Endowment Fund of St. James AME Church at The Cleveland Foundation. The fund will support programs and projects at this 101-year-old Cleveland institution, which has a long history of community involvement and support.

As the Foundation's assets have grown over the decades, so has its expertise and influence. Grantmaking in the early years focused on social services, health and education, each with its own program area overseen by a program officer with nationally recognized expertise in the field. In the late 1960s, cultural affairs also had become a program area with the goal of enhancing Cleveland's national stature in the arts, and by 1985 economic development was a separate program area as well.

Both cultural affairs and economic development concerns stimulated another Foundation first, a program-related investment — or low-cost loan — used to buy the $3.8 million Bulkley Building complex in 1982. This was a crucial step in the redevelopment of downtown, since the Bulkley property was critical to the future of the Playhouse Square theaters. The Foundation has continued to support Playhouse Square and its resident organizations as the theater district renovation and revival have progressed.

Meanwhile, the Foundation's early practice of surveys and studies as tools to guide grantmaking and shape strategic planning continued almost without interruption. Dozens of surveys investigated a wide range of topics including health at every age, geriatrics, community planning, education at every level, medicine, child care, population growth, environmental studies, neighborhood restoration, the cultural arts, nutrition and psychiatry. Each led to better-focused grantmaking, a better information base from which to plan and act, and a more informed collaboration on key community issues.

We sometimes comment at The Cleveland Foundation that because we have been established in perpetuity, we can afford to take the very long view — and bring that perspective to the civic table. In our leadership role, we often find that activities undertaken today do not bear fruit until years or, in some cases, decades later. Some of our recent surveys and follow-up activities provide a case in point.

A landmark study funded by The Cleveland Foundation in the mid-1970s — the Cleveland Parks and Recreation Study — led to the creation of Cleveland's Lakefront State Park, which in turn helped to drive subsequent lakefront development, a process which is now well underway but which will not be completed until the next century. The Foundation has been actively involved as a funder, catalyst, and convener at each step along the way, providing support for the Lakefront State Park, Inner Harbor development, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science and Technology Center, and the Mather Museum and the now-postponed aquarium.

Another civic endeavor — one still in its earliest stages — is based on the findings of the Foundation's 1991 Study Commission on Medical Research and Education, which produced a set of recommendations to strengthen Cleveland's status as a center for medical research. These included developing, funding, and implementing a strategy to attract distinguished researchers to Greater Cleveland, and fostering collaborations between Cleveland's major medical centers and their affiliates.

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In response, the Foundation last year made its largest-ever grant in health, a three-year award of $2.25 million to Case Western Reserve University and the Cleveland Clinic for a jointly managed center for structural biology, a facility which will bring a broad array of basic research efforts to Cleveland. We also awarded $1.6 million to the Institute of Public Health Sciences at Case Western Reserve University's School of Medicine to support an expanded and enriched program in public and community health.

From these and other related Cleveland Foundation activities in response to the Medical Commission's report, we anticipate in years to come a strengthened medical research component in the Greater Cleveland economy, built upon the outstanding medical facilities we already have in place.

In 1990, the Foundation impaneled a study commission to examine new approaches to issues of persistent urban poverty. The Commission's recommendations, released in early 1993, included empowering residents to take charge of their own lives and communities, and basing neighborhood redevelopment efforts on the community assets already in place. This approach formed the philosophical basis for the Department of Housing and Urban Development's empowerment zone program, which subsequently awarded Cleveland nearly $100 million over the next decade for neighborhood renewal and economic development.
The Foundation has taken a number of steps in response to the Poverty Commission report. More than $3 million in grants have supported the Cleveland Community-Building Initiative, the Commission's action arm, which is engaged in implementing the Commission's recommendations in four target Cleveland neighborhoods.

The Foundation was instrumental in bringing Shorebank, which has supported significant neighborhood redevelopment for two decades on Chicago's South Side, to Cleveland as a community-based bank offering low-cost loans for neighborhood-based entrepreneurial efforts. We also worked with the Pew Charitable Trusts of Philadelphia to bring more than $1 million to five near west side Cleveland neighborhoods for job training programs and neighborhood-based job creation and retention.

In 1992, the Foundation, together with a group of other local funders, convened a Citizens Committee on AIDS/HIV to recommend a community-wide approach to issues of AIDS/HIV. The Committee released its final report in mid-1994, and shortly after, a pool of community funds, including $125,000 from The Cleveland Foundation, was designated to implement the Committee's recommendations. The first grants from that fund were authorized earlier this summer.

In June of this year, the Foundation announced that it had impaneled a Civic Study Commission to focus on the performing arts as cultural and community assets. The Commission's charge is to better understand the dynamics of these organizations, broaden public awareness of the importance of the arts in Greater Cleveland's economy and quality of life, and develop recommendations to address such critical issues as undercapitalization and audience development. We anticipate their report sometime in mid-1996.

The Cleveland Foundation today is much like the entity Frederick Harris Goff envisioned and at the same time quite different. We hold more than $820 million in assets, and last year received $34 million in new gifts, a record high. We remain the nation's second-largest community foundation, a remarkable testimonial to the generosity of Clevelanders whose city has never been the nation's second largest or second wealthiest.

But the environment in which we carry out our work is changing dramatically, driving the Foundation to develop creative ways to manage new conditions. For most of its history, the Foundation's new gifts came through bequests. We seldom knew our donors, nor were aware of their generosity until they had died. The Foundation was one of relatively few instruments through which to leave charitable dollars, either to specific areas of interest or to unrestricted uses, and there was little competition for gifts.

Today, we see a plethora of vehicles for charitable giving, offered by estate planning experts, financial management firms and nonprofit agencies, as well as a wide range of institutions competing for charitable gifts. Perhaps the greatest change we see, however, is in the donors themselves.

Today, more people want to give during their lifetimes instead of through bequests, and they want to have a voice in directing their charitable giving. They expect a level of service and attention which community foundations traditionally have not needed to provide, and they frequently have very strong feelings about where they wish to direct their dollars.

Community foundations are not immune to environmental change or the need to adapt. The Cleveland Foundation established its first asset development office in 1985, established an array of new gift vehicles and donor services, and last year launched its first ever radio and print advertising campaign directed toward potential donors.

At the same time, the grantmaking environment is also in transition. Sweeping political change at the federal, state and local level is driving a reallocation of dollars targeted to programs in social services, infant and child health, the arts, the environment, the elderly, education — in other words, to the human needs in our communities.

It will be impossible, despite some sentiment to the contrary, for funders and the private sector to fill the funding gap. The Foundation last year awarded nearly $36 million to programs and projects in the Greater Cleveland community, but demands and needs far outstripped our funding capacities and those of other funders.

In an article first published late last year, Peter Drucker wrote about what he calls "The Age of Social Transformation" and its three manifestations — an economic order in which knowledge is the key resource; a social order challenged by inequality of knowledge or access to knowledge; and a political order in which government cannot be looked to for solutions to social and economic problems.

The article has attracted particular attention and discussion in the nonprofit sector because Drucker foresees a society integrated by organizations, rather than by government or business, and in that society
he envisions a mandate for a strong, capable, independent sector — neither public nor private — in which both the public and private sectors share the work. He also cites the nonprofit sector as the only arena in which citizenship — that is, meaningful participation in the life of one’s community — can fully be engaged in today’s society.

This is not solely an American issue. New roles for nonprofits and growing volunteerism are part of an international movement in which community foundations play a significant part. Today, there are more than 400 community foundations in the United States, with scores more across the United Kingdom, Canada, Mexico, Japan and other nations. Each is struggling with similar issues.

As The Cleveland Foundation looks ahead to the coming century, we have few ready answers to the difficult questions Drucker and others are posing about the quality and productivity of knowledge, its responsibilities and policy, the function of government and the private sector in the evolving new order he foresees, or how the independent sector’s work will be carried out. We know, however, that Drucker is postulating a new role for nonprofits in which the community foundation is uniquely positioned.

The Cleveland Foundation’s perpetuity, independence, long view and civic leadership — the roles and structures built into the community foundation when Frederick Harris Goff invented it more than eighty years ago — make it a critical resource for the new world Drucker envisions. Only a community foundation can offer or convene the mix of resources and perspectives to address a complex, confusing and rapidly changing future.

Our history is one of fostering and participating in the public-private partnerships for which Cleveland has earned well-deserved national attention, and of serving as a convener bringing various parties together around community issues of common concern. Our future lies in continuing our role as a “Civic Catalyst for the Ages” to strengthen the Greater Cleveland community, now and for generations to come.