



# Cook County Commission on Social Innovation

*Year One Report*

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November 13, 2017

Honorable President Preckwinkle and Commissioners:

The Cook County Commission on Social Innovation was established in April 2016 to seek knowledge-based, innovation-driven solutions to social problems relating to unemployment and poverty.

Since July 2016, the Commission has been meeting on a regular basis as a whole and through five standing committees – Human Capital, Social Capital, Public Capital, Intellectual Capital, and Financial Capital.

The attached report gives an outline of the Commission's history, an overview of the efforts made by the Commission, and its current recommendations.

I encourage you and the Board of Commissioners to examine and consider the recommendations in this report, and welcome your feedback.

Sincerely,

Jesús "Chuy" García  
Chair, Commission on Social Innovation

Cc: Honorable Richard Boykin, 1<sup>st</sup> District  
Honorable Dennis Deer, 2<sup>nd</sup> District  
Honorable Jerry Butler, 3<sup>rd</sup> District  
Honorable Stanley Moore, 4<sup>th</sup> District  
Honorable Deborah Sims, 5<sup>th</sup> District  
Honorable Ed Moody, 6<sup>th</sup> District  
Honorable Luis Arroyo, 8<sup>th</sup> District  
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Honorable Bridget Gainer, 10<sup>th</sup> District

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Honorable John Fritchey, 12<sup>th</sup> District  
Honorable Larry Suffredin, 13<sup>th</sup> District  
Honorable Gregg Goslin, 14<sup>th</sup> District  
Honorable Tim Schneider, 15<sup>th</sup> District  
Honorable Jeffrey Tobolski, 16<sup>th</sup> District  
Honorable Sean M. Morrison, 17<sup>th</sup> District

*Year One Report*  
Cook County Commission on Social Innovation

Cook County Commission on Social Innovation Members

**Jesús “Chuy” García**

Cook County Commissioner, 7<sup>th</sup> District, Chair of the Commission on Social Innovation

**Marc J. Lane**

Attorney at Law, Vice Chair of the Commission on Social Innovation

**Honorable Eugene Williams**

Mayor, Village of Lynwood

**Honorable Sue Sadlowski Garza**

Aldерwoman, 10<sup>th</sup> Ward, City of Chicago

**Michael Jasso** Co-Chair, Financial Capital

Chief, Cook County Bureau of Economic Development

**John Yonan** Co-Chair, Public Capital

Superintendent, Cook County Department of Transportation and Highways

**Maria Kim** Chair, Human Capital Committee

President and CEO, CARA

**Victor Dickson** Chair, Social Capital Committee

President and CEO, Safer Foundation

**Howard Males** Co-Chair, Intellectual Capital Committee  
President, Research Pros

**Wendy Raymer** Chair, Financial Capital Committee  
Director of Community Relations, BMO Harris

**Reggie Greenwood** Chair, Public Capital Committee  
South Suburban Mayors and Managers Association

**David Doig**  
President, Chicago Neighborhood Initiatives (CNI)

**Marc Loveless**  
Founding Executive Director, Coalition for Justice and Respect

**Valerie Leonard** Co-Chair, Social Capital  
Non-Profit Consultant, and North Lawndale Resident and Advocate

**Pam Rodriguez**  
President and CEO, Treatment Alternatives for Safe Communities (TASC)

**Emile Cambry** Co-Chair, Intellectual Capital  
Founder, Blue | 1647

**Mark McHugh**  
President and CEO, Envision Unlimited

**Carrie Thomas** Co-Chair, Human Capital  
Executive Director, Chicago Jobs Council

**Harold Rice**  
President and CEO, Community and Economic Development Association of Cook County (CEDA).

**Mike Hobbs**  
Retired President, EGP Glass

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*Year One Report:*  
*Cook County Commission on Social Innovation*

## **I. Introduction**

With the establishment of the Bureau of Economic Development, and the development of *Connecting Cook*, the County's first long-range transportation plan in over forty years, Cook County has pivoted towards becoming a catalyst for regional economic growth.

Creating a robust agenda that focuses on the most economically challenged areas of the region through innovative solutions is key. One recent approach has been the creation of the Cook County Commission on Social Innovation to work towards making socially impactful policy recommendations to the Cook County Board of Commissioners.

In April 2016, the Cook County Board of Commissioners enacted the ordinance sponsored by Commissioner Jesús "Chuy" García, which established the Cook County Commission on Social Innovation. Twelve individuals testified in support of the ordinance. Marc J. Lane, attorney, author of the treatise on Social Enterprise and the Low-Profitability Limited Liability Company (L3C) law in Illinois, was named Vice-chair of the Commission.

Commissioner Garcia made additional appointments that included the Cook County Superintendent of Transportation and Highways, the Cook County Bureau Chief for Economic Development, one mayor from a suburban municipality, and a coterie of leaders that included organizations with active social enterprises.

At the first meeting in July 2016, the Commission established five committees. The following appointments of committee chairs were made by Commissioner and Chair Garcia:

- Public Capital – Reggie Greenwood, Chair
- Human Capital – Maria Kim, Chair
- Social Capital – Victor Dickson, Chair
- Financial Capital – Wendy Raymer, Chair
- Intellectual Capital – Eric Weinheimer, Chair

The Commission has held regular monthly meetings, seeking knowledge-based, innovation-driven solutions to our region's social problems relating to unemployment, and poverty. Each meeting included at least one guest speaker who shared their knowledge about innovative initiatives, provided data on the economic or transportation opportunities in the region, and offered their support and collaboration on further actions (see Appendix B).

Thus far, the Commission has prevailed on a recommendation to the County Board to initiate a feasibility study to improve access to transportation access and quality jobs for residents living in communities lacking such resources. The Commission has also proposed an ordinance that creates a procurement incentive for social enterprises that hire from disadvantaged groups.

This report will outline the Commission's efforts and will propose future steps and make further recommendations to the County Board.

## **II. Background on Social Innovation**

As defined in the enabling ordinance (Section XI of this report) section 14-91, *Social Innovation* means (a) novel solutions to social problems which are more effective, efficient, sustainable, or just compared to current solutions, for which the value created accrues primarily to society rather than to private individuals, and (b) ideas that promote public, private, and philanthropic collaboration in order to create positive effects on areas with economic challenges.

In Illinois, a 2011 executive order established the Governor's Task Force on Social Innovation, Entrepreneurship and Enterprise. The State Task Force made recommendations in 2013 to the Governor and the General Assembly that included exploring use of pay for success, and improvements to the Limited Liability Act to be more expansive in the types of purposes allowed to create a Low-Profit Limited Liability company (L3C). This Task Force was a helpful model in the creation of the Cook County Commission on Social Innovation.

Other local efforts include the creation of Chicago Anchors for a Strong Economy by World Business Chicago, a program focused on creating procurement opportunities for small businesses while maintaining the involvement of some of the most prominent institutions in the region to support local small businesses. Cook County is a participating anchor institution.

Additionally, the effort to create and support social enterprises has grown. Social Enterprise Alliance (SEA), the nation's largest network of social entrepreneurs and those who support them, has over 1,000 members and 16 chapters across 42 states. The Chicago chapter, the largest in the network, has approximately 100 members. Illinois allows for the creation of benefit corporations and Low-Profit Limited Liability companies. These are viable options for businesses looking to create a public benefit or for those looking to further a charitable (or educational purpose), respectively.

## Committees

### **III. Human Capital**

Maria Kim, President and CEO of CARA is the chair of the Human Capital Committee.

Carrie Thomas, President and CEO of the Chicago Jobs Council serves as the Co-Chair.

This committee established the following objective: To stimulate policy or practice that connects residents affected by poverty to jobs inside nodes of economic development in Cook County. This objective has been divided into three approaches: 1. Community-Based Hiring; 2. Incremental Transport; and 3. Vendor Certification of Social Enterprises.

#### *Community-Based Hiring*

The committee engaged in a dialogue with the Executive Leadership of the Illinois Medical District and other anchor institutions with an interest in sourcing local talent for open jobs.

#### *Incremental Transport*

The committee will push ridesharing enterprises to subsidize incremental transportation needs for individuals affected by poverty to access jobs.

#### *Vendor Certification of Social Enterprises*

In conjunction with the leadership of the financial capital and social capital committees and Vice-Chair Lane, the Human Capital Committee engaged in conversations with the Cook County Chief Procurement officer on the prospects of a social enterprise incentive policy. Those conversations resulted in an agreement to establish an incentive-based program with social enterprises that hire a majority of their workforce from disadvantaged groups and or offer products or services to benefit disadvantaged people (see Appendix C).

### **IV. Social Capital**

Victor Dickson, President and CEO of the Safer Foundation, is the Chair of the Social Capital Committee.

Valerie Leonard, Self-employed: Community and Organizational Development serves as Co-Chair.

The committee created guiding principles for the Commission's consideration,

*As a Commission, we seek to build sustainable centers of economic development, employment and engagement that provide socio-economic advancement to the most disinvested residents & communities in Cook County. We will prioritize our efforts and support, where appropriate, the efforts of others on opportunities which hit on at least one, if not multiple, of the following levers to help accelerate progress:*

- 1. Redeveloping large-scale untapped assets like the Port of Chicago and activating anchor institutions in the county (like the Illinois Medical District, local universities and hospitals and the Obama Library) for local business stimulation & job creation.*
- 2. Looking at community benefits agreements and first source hiring practices that would require private sector companies who benefit from development opportunities the provision of up-skill training and hiring of individuals affected by poverty.*
- 3. Revitalizing and making accessible affordable transit and long term sustainable affordable housing to these new centers of development and other surrounding economic/employment opportunities.*
- 4. Ensuring the residents and leading community organizations impacted by these activities are engaged in the planning processes.*

The Social Capital Committee is now looking at ways in which the Commission can work with the current movement in business legacy transitions or conversions. Many firms/businesses are in need of a succession plan, and that may include worker owned businesses. This committee will work closely with the Financial Capital Committee to position the County as a catalyst in this growing movement.

## **V. Intellectual Capital**

Co-Chairs are Howard Males, President and CEO of ResearchPros, and Emile Cambry, Founder of Blue | 1647.

This Committee established a framework from which the commission may operate:

- 1. Determine existing ideas, research, and trends that can inform county policy re: social innovation. Focus on the sources of these ideas and research.*
- 2. Recommend specific research, ideas, data processes that the Commission might pursue.*
- 3. Identify how the Commission can leverage the recommended research, ideas and data processes and to what end.*
- 4. Framework should be used with a focus on County policy, community revitalization (for distressed communities) and social innovation.*

## **VI. Financial Capital**

Wendy Raymer, Director of Community Affairs, U.S., BMO Harris, chairs the Financial Capital Committee.

Michael Jasso, Chief of the Bureau of Economic Development, serves as Co-Chair.

This committee includes the Chief of the Cook County Bureau of Economic Development. Financial Capital explored a variety of economic development tools to increase the County's potential as a catalyst. The committee is looking at ways that the County can serve as a convener, mediator, and governing entity on development projects that intersect municipal boundaries – so that limitations in funding or responsibility are handled from a regional standpoint.

One possibility is pushing the envelope on the County's tax increment financing abilities that would plan around municipal jurisdictional limitations but not take away from public services such as schools and smaller economic development projects.

Cook County Commissioners Sims and Moore were briefed on this project and are open to continue the discussion.

This Committee will take the lead in working with Dan Swinney, Executive Director of Manufacturing Renaissance to position the County as a catalyst for manufacturing succession/conversion of ownership to worker-owned enterprises (see attachments).

## **VII. Public Capital**

Reggie Greenwood, Deputy Executive Director for Economic Development, South Suburban Mayors and Managers Associations, chairs the Public Capital Committee.

John Yonan, Superintendent of Transportation and Highways serves as Co-Chair.

This Committee includes the Superintendent of Transportation and Highways and established the following work plan:

*Work with the Illinois International Port District to facilitate its impact on sustainable Economic Development*

*Seek to expand the use of Foreign Trade Zone designations for projects in the region, potentially seeking a special FTZ designation for the Growth Zones recently defined by the City of Chicago and Cook County. This would become another tool to support new industrial development.*

*Seek to work with the Indiana Harbor Beltway, Norfolk Southern, OmniTRAX to develop innovative ways of connecting rail to the Port operations, which would result in support of new industrial development.*

*Work to further the sustainable economic impact of the rail freight industry in the Southland as described in Connecting Cook County 2040 Long Range Transportation.*

*Seek to work with the upcoming Lincoln Highway Logistics study and the overall Cook County Freight plan to maximize the use on new innovative technologies such as autonomous trucks in this region to support the redevelopment of vacant land into rail served industrial properties.*

*Work with the Coalition for a Modern Metra Electric*

*Seek to improve the speed and number of stops on the Metra electric line that will bring substantial new transportation services to the Chicago Southland and South Chicago*

In this first year, the committee focused its efforts on working with the Coalition for a Modern Metra Electric. The committee proposed a resolution that calls on a feasibility study of the Metra Electric southern lines to look at viable options for increasing services to the southern region of the County. Getting residents of those areas consistent and plentiful transportation opportunities is an important step in fighting our regional unemployment rates.

The resolution was approved by the Commission on December 15, 2016 and was passed by the County Board in February of 2017. The Department of Transportation and Highways is currently setting the parameters and scope of the study to be contracted out later this year.

### **VIII. Capacity Building Workshops**

Under section 14-92(f) of the enabling ordinance (section XI of this report) the commission may, in addition to making policy recommendations, create strategies to educate and train citizens, non-profit organizations, governments, students, and businesses on entrepreneurial concepts specifically as applied in the social sector.

During this first year, the Commission focused on Capacity Building Workshops for non-profit organizations. The purpose of the workshops is to facilitate the understanding of non-profit organizations that are seeking to become or looking to incorporate a social enterprise into their business model.

The Commission hosted three workshops during the first year. The first workshop was held at Sankofa House in North Lawndale in October 2016 with over forty participants in attendance. The second workshop was held in the Southeast Side of Chicago at the Calumet Park Fieldhouse in March 2017, with over fifty participants. The third workshop was held in May 2017 at the Markham Municipal Courthouse, with fifteen participants.

The workshops were comprised of two modules:

## THE BUSINESS ENTERPRISE

How to position Social enterprises as catalysts in the development (and implementation) of innovations and knowledge that address social and environmental issues that are supported and strengthened utilizing market based strategies to foster sustainability.

- I. Defining your Enterprise:
  - What is your enterprise?
  - What is your product or service, and who is your customer?
  - What is your Plan for Sustainability?
  
- II. Market Research
  - Products
  - Services
  - Customer
  
- III. Developing and implementing your strategic plan.
  
- IV. Your operations:
  - The organizing and controlling of the fundamental business activity
  - Forecasting
  - Capacity Planning
  - Scheduling
  - Facility (layout/location)
  - Quality Management
  - Project Planning
  
- V. Finance and Accounting:
  - Financing the Enterprise
  - Traditional/Non-Traditional
  - Grants/Foundations
  - Metrics/Data
    - Accounting:
      - Structure
      - Key Ratios
  
- VI. Summation

Using market-based strategies to solve social and environmental issues in a sustainable manner requires attention to the business enterprise.

## LEGAL DESIGN AND STRUCTURE

### Nonprofits

- Eligible for tax-deductible philanthropic funding.
- Eligible for debt, but no equity to sell.
- Tax-exempt entities must be organized and operated exclusively for charitable purposes.
- No exit available.
- Governance by three or more directors.

### Benefit Corporations

- Unsuitable as subsidiaries of nonprofits.
- When operating in concert with nonprofits, must allocate expenses so as not to disadvantage the nonprofits.
- Can file taxes as a “C” corporation or an “S” corporation.
- Charter must identify general social purpose and may identify a specific social purpose.
- Report annually on social impact against a third-party standard.
- May inoculate directors against certain shareholder claims.
- Participate in a community of interest.
- Gain branding advantage as social enterprise

### Low-profit Limited Liability

#### Companies (L3Cs)

- Pursue a charitable or educational purpose while maintaining entrepreneurial opportunities.
- Engage diverse stakeholders around a clear and unambiguous ordering of statutorily imposed fiduciary priorities that can’t be waived or negotiated away.
- Profit motive subordinated to charitable or educational purpose.
- Invite tranching investments by investors seeking social, financial or blended returns.
- May facilitate equity “program-related” investment by foundations.
- Insure there’s no daylight between the nonprofit parent’s exempt purpose and the for-profit L3C subsidiary’s business purpose.
- Gain branding advantage as a social enterprise.

### Impact Investment

- Program-related investments are pursued primarily to accomplish a foundation's tax-exempt purposes, rather than to maximize profits or gain economic appreciation; count against 5% distribution requirement usually satisfied by grants.
- Mission-related investments are market-rate investments out of a foundation's core portfolio.
- Increasingly, individual and institutional investors are seeking measurable social returns along with financial returns.

## **IX. Outlook**

The University of Chicago (see page 35 – Provost Daniel Diermier's remarks to the Commission, Dec. 2016)) committed to supporting the efforts of the Commission by providing assistance from researchers and faculty.

Cook County Commissioner Sims and Moore are open to continuing discussions on creating a new economic development tool to increase the possibilities of development with ambitious job creation objectives throughout the County.

Although Metra has proposed cuts to service past 59<sup>th</sup> Street, a campaign that will fight for the residents in the southland is needed to increase travel opportunities for the under and unemployed. It is also an opportunity to bring more foot traffic to commercial corridors in the southland – especially at a time when many non-profit organizations and chambers of commerce have invested in those areas. Places such as Pullman, with their historic designation and continued investments in the area, and commercial areas in the southeast side that are making strides in business development are in need of our support.

The current trend in manufacturing businesses with succession issues, and the growing movement of those businesses to convert into worker-owned enterprises has lots of potential in the efforts to retain jobs and also create a substantial transference of wealth.

In light of foreseeable budget constraints, the commission will not be seeking finances from the County. We request however, the Cook County Board's support and participation. In one year the Commission has mapped social enterprise assets, developed a work plan, and pushed forward two pieces of legislation for the betterment of our region. With your help and support, we will make greater strides as we seek innovative approaches to address the economic challenges of Cook County. We are grateful for your participation and look forward to further discussions on the matters within this report as well as others of value to the work of the Commission.

## **X. Acknowledgments**

Cook County Commissioner Jesús “Chuy” Garcia, and Vice-Chairman Marc J. Lane assembled this report, with committee contributions from Maria Kim, Victor Dickson, Reggie Greenwood, Wendy Raymer and Howard Males.

Jaime Guzmán, Chief Legislative Analyst for Commissioner García has staffed the Commission.

Peter Creticos, President and CEO of the Institute for Work & Economy supported the efforts of the Commission and served in an advisory capacity.

The following people have participated in and contributed to committee meetings:

Michael Hess, Kevin Miller, Carrie Thomas, Michael Jasso, John Yonan, David Doig, Matthew Erickson, Michael Woyan, Morgan Malone, Emile Cambry, Peter Creticos, Sharon Welch, Evelyn Diaz, Eugene Williams, Eric Weinheimer, Robert Gertner, Harold Rice, Marc Loveless, Valerie Leonard, Cyndie Shannon-Hutchison, Mike Hobbs, *The Coalition for a Metra Electric*: Rick Harnish, Kyle Whitehead, Rod Sawyer, Amalia Nieto-Gomez, Roger Huff, Jack Rocha, Dominick Scafidi, Arnold Bradford, and Jacky Grimshaw.