

MEMORANDUM

TO: Ann Beeson, OSI
FROM: Deepak Bhargava, Center for Community Change
RE: OSI funding of direct service
DATE: March 19th, 2009

It is exciting and courageous that George Soros/OSI is seeking to give \$200-\$250 million to provide direct service to low income people who the economic crisis has pushed further into the economic abyss. To do this effectively and in a short time frame will be no small task. Below are our ideas for how you can do this by leveraging existing institutions. Part of the key to this will be to select the right intermediary(s). We have collaborated with Sharon Parrott and Susan Steinmetz from Center on Policy and Budget Priorities and incorporated some of their thinking.

Intermediary Options

There is not one large intermediary that we know of that has both a national platform and touches multiple direct service functions (hunger, housing, legal aid, emergency aid, access to benefits, etc.). You will probably need to choose between taking a local/regional approach that will touch multiple service functions through 5-10 local intermediaries and a direct service functional approach that focuses on a few direct service functions and uses intermediaries that have national reach. A combination of both approaches maybe necessary to get the money out quickly without waste.

Local/Regional Approach

Choose major cities or areas that likely have heavy concentrated need (e.g. New York, Chicago, Detroit, etc.) and identify the ones that have strong local foundations (e.g. Liberty Hill, New York Foundation, SF Foundation, Chicago Community Trust, North Star, Headwaters, etc.). The local foundation will know which organizations are good direct service providers and have a way to get these organizations the funds. This would probably involve 5-10 local foundations, so you would still need someone to manage this small consortium. It is possible that one of them could take a leadership role in managing the consortium. At this point we are not sure which local foundation would be best for this. A little more research is probably needed to answer that question.

People to talk with to understand who the strong local foundations are and which one would be a good consortium leader:

- David Jones, Community Service Society of New York djones@cssny.org
- Janice Foster, Grassroots Grantmakers (361) 798-1808 janis@grassrootsgrantmakers.org
- Kim Klein, Klein and Roth consulting and founder of Grassroots Fundraising Journal
- Kafi Blumenfield, Executive Director Liberty Hill (kblumenfield@libertyhill.org)
- Frances Kunreuther, Project Director Building Movement Project (212) 633-1405
- Ralph Smith, Annie E. Casey, also the Chair of the Board for the Council on Foundations
- Trabian Shorters, Vice President Community Programs, Knight Foundation

Additional idea that could be used with this approach:

- Use Neighborhood Funders Group, an affinity group for foundations interested in community building. They have a membership of 150 or so foundations, many

progressive. NFG could issue a call to its membership to recommend grantees to receive this money. These recommendations could then be sent to the local community foundations for consideration.

Direct Service Functional Approach

This approach would be to choose a few entities that are focused on specific direct service functions and have national reach. We would suggest choosing direct services that have a multiplier effect on the funding.

Government Benefit Access – Entities that help people apply for and receive benefits that they are already entitled to (earned income tax credit, food stamps, unemployment benefits, etc.). There will likely be additional benefits and/or tax dollars that low income people will be eligible for as a result of the stimulus package. This type of direct service is a big multiplier, studies of one organization called Single Stop show that for each \$1 in funding a low income person gets \$12 in benefit (more about Single Stop at the end of the document.)

National Organization to consider: Single Stop

Additional person to talk to for more information about this type of direct service: Matt Klein, Executive Director Blue Ridge Foundation New York (718) 923-1400

Homelessness Prevention – Entities that help people get out of homelessness or prevent people from going into homelessness. We would suggest focusing money on people and families who are homeless due to economic circumstances (e.g. house is foreclosed on, evicted for non-payment of rent, job loss, etc.). We would suggest not funding groups that focus on the chronically homeless. These individuals usually have additional issues (substance abuse, mental health, physical disabilities) and they are not usually homeless as a result of economic issues. In addition this is one of the few things the Bush administration made an effort on. They put significant dollars (\$1.5 billion) into chronic homelessness and made some positive impact. Having a place to live is the foundation for a person's or family's life. Making sure this happens provides a multiplier because people are then more likely to have a job, get an education, etc. National Organizations to consider: National Alliance to End Homelessness, for foreclosure prevention specifically Neighborworks.

Additional people to talk to for more information about this type of direct service: Nan Roman, National Alliance to End Homelessness and Barbara Sard, Center on Budget and Policy Priorities

Prison Re-Entry – There are multiple forces at work here (1) generally there is not enough being done in this area and this population is overwhelmingly poor/people of color who are less able to raise their children out of poverty. (2) Tightening state budgets will move more states to release more prisoners, in a space where already 650,000 people are released annually. (3) There will be fewer entry level jobs for them because of the recession. Helping these individuals get stable and become employed has a big multiplier in dollars to low income people and helps to prevent crime.

National Organization to consider: Strive

Additional people to talk to for more information about this type of direct service: TBD (if this is an area of interest we can find the right people for you to talk with).

Legal Aid – Legal aid budgets have been cut and there are fewer legal aid resources available to low income people. Legal usually has a multiplier effect because the issues being dealt with usually have a larger impact on the individual's life (e.g. housing, foreclosure, wage/income, etc.), solving those issues keeps the individual and/or family stable and engaged in the economy. National Organization to consider: Legal Services Corporation
Additional people to talk to for more information about this type of direct service: TBD (if this is an area of interest we can find the right people for you to talk with).

Youth Employment and Service/Job Corps – We have not come to grips yet with what urban cores with 15%-20% unemployment will really mean (potential for riots, etc.). Youth employment has a multiplier effect because it not only puts money into these kids' pockets in the short term, it helps them get job skills and become employed in the long term. National Organization to consider: Corporation for National Service
Additional people to talk to for more information about this type of direct service: TBD (if this is an area of interest we can find the right people for you to talk with).

There are also direct service functions that will help low income people, but do not necessarily have a multiplier effect.

Hunger/Food – Food banks across the country are stretched thin during this economic crisis. Some of them will run out of food to distribute in the near future. Fortunately there is some good existing infrastructure that can get these food banks additional resources quickly, which means the food banks can get food into the hands of low income people who need it. National Organizations to Consider: Feeding America and Share our Strength
People to talk with more: Vicki B. Escarra, President and Chief Executive Officer of Feeding America, Bill Shore, Founder and Executive Director Share our Strength

Emergency Aid and General Social Service – There are social service organizations that provide small amounts of money as emergency aid to low income people as well as general social services. There is not one great national intermediary that we know of. There are some organizations that come close, but they have a religious component, which you may or may not feel comfortable funding for other political reasons. National Organization to Consider: Catholic Charities
Additional people to talk to for more information about this type of direct service: TBD (if this is an area of interest we can find the right people for you to talk with).

Leveraging the Money

- Using this substantial gift as a way to challenge/encourage other foundations to spend beyond their required 5% payout. Contact Gates, Ford, Rockefeller, etc and get commitments from all of them and then make a joint announcement about the effort.
- Talk with Obama administration about ways to leverage the money as part of the stimulus, new budget, or using it as a way to generate publicity for greater giving.
- If you use the local foundation approach leverage some portion of the money by using it to match grants made by the community foundations that went above their required 5% payout. This will act as a way to incentivize/convince boards to dip into principal now when times are tough

Hiring Help

If OSI is interested in hiring a consultant to help out with the thinking on this and to act as a program officer for the disbursements to the intermediaries here are two people to talk with, who would be good, and might be interested:

Henry Fernandez, Fernandez Advisors (203) 889-1104

Julie Kenny Drezner, The Drezner Group (805) 523-3024

Additional Thoughts

It would be good to think about investing the money in ways that provide both short term relief and creates a lasting impact at the same time.

- Prioritize some portion of the funding to go to direct service providers that also have an organizing or advocacy component. Allow them to use a percentage of the money for building organizing and advocacy capacity.
- Use some of the funding to build long-term capacity of newer leading institutions. Provide them with growth capital so the impact would be now, but also extends beyond the immediate. Pick a few winners and help them grow rapidly. One candidate for this would be Single Stop USA. Single Stop helps people apply and receive government benefits they are entitled to (e.g. EITC, Food Stamps, Unemployment) so far for every \$1 invested in Single Stop \$12 directly to low income people. They are in 4 cities now and just purchased a benefits screening software tool from a company going out of business that lets them work with clients in 17 states. With significant funds (\$30-50 million) spread out over the next few years they could expand immediately, working with local CBOs in new areas, to help low income folks access benefits like health insurance, food stamps, housing assistance, etc. that otherwise would go unclaimed. Multiple advantages to this include a) leveraging the money immediately by using it to unlock additional federal dollars for low income people b) connecting people to resources that continue beyond a one-time spend (e.g., instead of one meal at a food pantry, a client accesses food stamps that they use for months) c) there is a tangible, knowable "return". Single Stop also includes legal and financial counseling, which can result in long-term stability for families (e.g., renegotiating loans, avoiding eviction).