
OPEN SOCIETY FOUNDATIONS U.S. PROGRAMS BOARD MEETING

February 12, 2013

New York

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Agenda

Open Society Foundations U.S. Programs Board Retreat and Meeting

New York Academy of Medicine, 1216 5th Avenue

Tuesday, February 12

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| 9:00 – 9:30 a.m. | Breakfast |
| 9:30 – 9:45 a.m. | Welcome and Introduction: Steve Coll |
| 9:45 – 11:00 a.m. | Challenging Entrenched Poverty: Geoff Canada |
| 11:00 - 11:15 a.m. | Break |
| 11:15 a.m. – 12:30 p.m. | Campaign Finance Reform: Jonathan Soros |
| 12:30 – 1:45 p.m. | Lunch Presentation: How Technology is Influencing the Future of Work: Guest speaker
Andy McAfee, Principal Research Scientist at MIT's Center for Digital Business |
| 1:45 – 2:00 p.m. | Break |
| 2:00 – 3:15 p.m. | Envisioning the “New Normal” for Employment: Andy Stern and Project on Work |
| 3:15 – 4:15 p.m. | Discussion of Reserve Fund: Proposals, Ideas, and Pipeline
Arkadi Gerney, Senior Fellow at the Center for American Progress
Peter L. Beilenson, CEO of the Evergreen Health Cooperative |
| 4:15 – 5:30 p.m. | Board Discussion: Reflections on Board Functions and Activities |
| 7:45 – 8:00 p.m. | Cocktails at George Soros’ apartment, 1060 5 th Avenue, followed by; |
| 8:00 p.m. | Dinner |

TO: U.S. Programs Board

FR: Ken Zimmerman

RE: Gun Violence Prevention Proposal

Please find attached a proposal to create a \$1m Newtown Response Fund with several specific components to promote gun violence prevention. Eli and Leon served as the Board's liaisons for this effort and they, George, and Chris are supportive.

Following extensive research on the current political moment for gun violence prevention, we believe, after some initial skepticism, that there is a possibility of meaningful federal legislation, even though this is far from assured. It is most likely to involve expansion of background checks in some form. We remain highly skeptical that an assault weapons ban is politically possible. For purposes of our proposed \$1m investment, we recommend three efforts that complement what Mayor Bloomberg and his surrogates are doing: (1) calling out the gun industry's role in the NRA through a new organization with impressive leadership, called the Gun Truth Project, (2) strengthening the capacity of the mainstream liberal groups in Washington, DC, to engage in gun control efforts by funding a new effort at the Center for American Progress, and (3) increasing state level efforts in three bellwether states—Ohio, Pennsylvania, and Virginia. The remainder would be reserved to expand these efforts or support others.

By way of background, Mayor Bloomberg and his foundation, either directly through Mayors Against Illegal Guns (MAIG) or through surrogates, is effectively driving gun violence prevention advocacy efforts in Washington, D.C., and elsewhere. They are highly sophisticated and strategic, and involved deeply in both the substance and the politics. At the same time, they have some limits, partly because they are seeking to position themselves as a mainstream player and partly because they are working through mayors, who are limited in their ability to challenge some of the Democratic leaders who are undecided on some aspects of gun control legislation.

The strongest (and historically only) voice in the foundation world is the Joyce Foundation (with whom OSF partnered a decade ago). They are helping bring new funders into alignment (which we are helping with). While also savvy and now coordinated with MAIG, Joyce is limited to only c3 work. In addition, a new player is former Congresswoman Gabby Giffords and her husband Mark Kelly, who have launched Americans for Responsible Solutions. Given the Congresswoman's special history as a high-profile gun victim, Western legislator, and gun owner, they are a helpful new voice.

The full memo containing our recommendations is attached.

To: U.S. Programs Board

From: Ken Zimmerman and Bill Vandenberg

Via: Leon Botstein, Eli Pariser, and Chris Stone

CC: Caroline Chambers

Date: February 6, 2013

Re: Newtown Response Fund – Gun Violence Prevention Recommendations

Following extensive research¹ on the current political moment for gun violence prevention, we believe, after some initial skepticism, that there is a possibility of meaningful federal legislation, even though this is far from assured. It is most likely to involve expansion of background checks in some form, and we remain highly skeptical that an assault weapons ban is politically possible.

In light of this assessment, we recommend that U.S. Programs (USP) take part in a short-term effort to help the current gun violence prevention effort. While we do not believe that USP/OSF should anticipate this field becoming a long-term commitment, we do recommend a “Newtown Response Fund” that would support strategic and time-sensitive investments that total up to \$1 million in one-time, c3 and c4 grants for activity through 2013. We’ve identified three projects in which to invest, currently totaling \$772,000. The balance of funding could either supplement these projects or support others that we would identify in short order. The recommendations would complement existing investments in the field, most notably from Mayor Bloomberg and his Mayors Against Illegal Guns, and help leverage additional support from other donors, such as the Wallace Global Fund, who are considering how to support this moment in the field.

Two of the recommendations are national in scope and one is focused on states that are seen as bellwethers for the gun violence prevention fight. Each is designed to fill a need that we or others have identified and each recommendation has been vetted with key political strategists, advocacy leaders, and philanthropic peers. So that we may use multiple tools, OSPC is also actively working to confront the call for increasing police in schools as a response to gun violence and is considering a c4 grant to Fight Crime, Invest in Kids to engage law enforcement in this advocacy. Our recommendations include:

I. Weakening the Gun Lobby

We recommend that USP vote to forgo funds in the amount of \$272,000 from its 2013 budget because we believe it should instead be allocated to OSPC to consider making a c4 grant to launch the Gun Truth Project, a new effort that seeks to develop a “left flank” complement to the influential Mayors Against Illegal Guns. OSPC’s support would provide the necessary funding to launch the Gun Truth Project and fund its first two months of operations.

The Gun Truth Project will lead efforts to “expose, isolate, and fracture the gun lobby” to show that it represents only the narrow interests of gun manufacturers and retailers, “rather than the interests of law-abiding gun owners and the public.” The Project will conduct research and rapid response accountability actions to apply pressure on the gun lobby, gun industry, and gun friendly politicians. It will build strategic social media actions to catalyze large scale participation of concerned citizens in targeting companies that do business with the National Rifle Association (NRA). The latter could take the form of highlighting how corporations, such as Avis Rent a Car, provide benefits to NRA members in an effort to have them change their policies and thereby pressure the NRA.²

In doing so, it will push harder than the mainstream Mayors Against Illegal Guns and other efforts that may seek to engage gun manufacturers and the NRA. This niche is one that several experts – from politics, the gun violence field, and philanthropy – say that is a valuable complement to other efforts. Moreover, based on conversations with those

¹ The attached document details the background process through which OSPC enabled staff arrived at these recommendations. It includes extensive conversations with the White House and a wide range of top level political strategists, gun violence prevention experts, philanthropic peers, and advocacy leaders who work at the federal and state levels.

² This proved an effective strategy against ALEC. While the NRA is a much more powerful and successfully branded organization, some of the anti-ALEC strategies will be refined for this effort.

creating the project, this investment is expected to enable the project to leverage additional funding. The Wallace Global Fund, for example, has indicated that it would be interested in following OSPC as an early investor in the project, and we would help engage other funders, even though we are not interested in making this a long-term USP commitment.

In addition to applying pressure on the NRA, the Project will also target the gun industry itself, focusing on “big-box” gun selling retailers as well as corporate partners and investors in gun makers and sellers. This could include amplifying efforts to spotlight Walmart’s sales of assault weapons. Lastly, the project will target the NRA’s political backers, including applying public pressure on Blue Dog Democrats and Democratic lobbying firms who work for the NRA, again as a supplemental strategy to pressure the NRA.

The Project is led by an impressive team of three, including a consultant to Mayors Against Illegal Guns and the Brady Campaign; a strategic communications expert who has worked with Citizens for Responsibility and Ethics in Washington (CREW), a media savvy anti-corruption group; and a senior policy analyst on gun violence, with both Capitol Hill experience and deep knowledge of the NRA. The principals have strong relationships with organizations that are among the most effective at marshaling large scale online activism, including MoveOn, Credo, and Color of Change, and similarly strong relationships with Mayor Bloomberg’s team and others leading the more mainstream efforts.

Increasing Beltway Coordination

We recommend that USP make a \$100,000 c3 grant and that USP vote to forgo funds in the amount of up to \$150,000 from its 2013 budget because we believe it should instead be allocated to OSPC to consider making a c4 grant to the Center for American Progress Action Fund to support expanded efforts of its Gun Policy Team.

CAP is no stranger to OSF, receiving anchor status general support (\$500,000 annually) and project support for its immigration, judicial independence, and national security and human rights work. CAP has recently brought on a senior fellow, Arkadi Gerney, a leading national expert and strategist on gun violence prevention, who will join CAP president, Neera Tanden, executive vice president, Winnie Stachelberg, CAP Action Fund president, Tom Periello, and senior vice president and Think Progress director, Tara McGuinness, to expand its work on gun violence issues.

We view this grant as an important complement to other efforts, most notably to those of Mayors Against Illegal Guns, which because of its ties to Mayor Bloomberg is viewed with some skepticism among traditional liberal forces in Washington, DC. By investing in CAP’s efforts, CAP will be able to help mesh the extensive efforts that Mayor Bloomberg are mounting with the traditional progressive advocacy infrastructure, including ensuring effective coordination and communication. More specifically, its gun policy team would also : (1) facilitate more effective legislative and administrative advocacy through connecting the gun violence prevention lobby and gun issues to other progressive groups and causes; (2) drive new storylines via its Think Progress communications arm, a particularly effective progressive communications infrastructure; (3) serve as a trusted advisor and intermediary between congressional progressives and the White House; (4) challenge gun culture through new research and reports; and (5) develop a new project on guns and the millennial generation that would, among other priorities, facilitate efforts to stop proposed “concealed carry” legislation that would allow more weapons on college campuses.

ThinkProgress has covered several gun-related issues – including the killing of Trayvon Martin and the Aurora, Colorado movie theatre mass shooting – over the past year. It has monitored political reactions, provided pushback to extreme conservative pundits and the NRA, explored the link between mental health issues and mass violence, and proposed policy solutions. ThinkProgress publishes over 60 pieces of news and research a day, and its audience has doubled in the past year. In October, ThinkProgress had over 5.7 million unique visitors, with over 197,000 followers on Twitter and 159,000 “likes” on Facebook. ThinkProgress’ reach and influence make it ideally positioned for influencing and informing voters and opinion shapers on a range of gun-related topics.

CAP and CAP Action Fund’s multidisciplinary team would include high level staff from its government affairs, communications, Campus Progress, blog and reporting, and external affairs departments. OSF and OSPC support would complement support from others, including the Joyce and Broad foundations.

II. Building Bellwether State Advocacy Capacity

We recommend that USP make a \$100,000 c3 grant and that USP vote to forgo funds in the amount of \$150,000 from its 2013 budget because we believe it should instead be allocated to OSPC to consider making a c4 grant to the Fund for a Safer Future, a pooled fund that draws support from the Joyce, MacArthur, McCormick, and Broad foundations for gun violence prevention. The Fund is housed at the New Venture Fund, a Washington, DC based intermediary.

OSPC and OSF funding would be deployed to support the work of competent, under-resourced state-based gun violence prevention organizations in three bellwether states: Colorado, Pennsylvania, and Virginia. This funding would support the state organizations so that they may be more effective in building in-state advocacy on federal legislation as well as in moving critical state legislative efforts.

Each state's political and cultural demography leads observers to imagine that gun violence prevention efforts would face a tougher climb in Denver, Harrisburg, or Richmond. Despite Pennsylvania's rural conservatism in the vast space between Philadelphia and Pittsburgh, Colorado's western libertarianism and Old West heritage, and Virginia's beyond the Beltway southern conservatism, all run counter to the opportunities that now exist in each place. If gun violence prevention work is successful in these states, as we think it can be, it will show the gun lobby that California and the urbanized Northeast are not the only places where it can lose. The states are widely considered to be bellwethers for gun policy.

Why these states? Pennsylvania, particularly its Philly suburbs, is home to a large number of suburban state and federal legislators who are essential to any advocacy fight. The state is home to what most national senior strategists recognize as the nation's strongest state-based infrastructure on gun violence, with effective working relationships between its leading state-based group – Ceasefire – and Mayor Bloomberg's operation, including Mayors Against Illegal Guns. We've learned that the effective work of gun violence prevention advocates in the state has secured support on policy proposals from key suburban members of Congress and Senator Bob Casey. This advocacy work will be especially important as the federal debate moves forward.

Colorado is home to two of the nation's worst mass shootings, Columbine High School and the Aurora movie theatre massacre. While still maintaining its western identity, Colorado's population is dominated by its suburbs and their moderate, independent politics. Two-thirds of state residents come from other places, a politically complicated blend of former Northeasterners, Texans, Midwesterners, and Californians, and it possesses solid in-state infrastructure for progressive advocacy. The state's legislature and governor's office are now controlled by Democrats, which in itself guarantees little on gun violence prevention issues, but who are now taking up important background check legislation.

Colorado's U.S. Senators, Bennett and (Mark) Udall, lean liberally and will be key to any federal legislative package. Bennett has proven decent on gun issues, Udall, from a famous western political family, will need a bit more work. While Mayors Against Illegal Guns is currently playing big in Colorado, Ceasefire, the state-based organization that will carry on the state and federal fights and future implementation of any state reforms, has good leadership but lacks capacity. OSPC and OSF funding here would be timely and responsive and could leverage other support from Colorado's robust in-state funding community, which has not prioritized gun violence issues in recent years.

Virginia is also the site of a prominent mass shooting, at Virginia Tech University, and while it, too, has a prominent state identity as the capital of the Confederacy with large numbers of rural conservatives, enlisted service members, and veterans, the state is changing rapidly. Virginia, like Colorado, is now one of the nation's true battleground states. It is rapidly suburbanizing, increasingly affluent and diverse in both DC and Richmond suburbs, and possesses a strong gun violence prevention constellation of organizations that work well together and have significant reach. Virginia's advocates have capacity but lack coordination. OSPC and OSF funding would support the hiring of a coalition staffer to more effectively coalesce the organizations on the ground, both at the state capitol and in reaching the state's congressional delegation, including Senators Mark Warner and Tim Kaine, influential moderate Democrats. The state's 2013 gubernatorial election, expected to be a high profile fight between the current state Attorney General, a Tea Party conservative, and Terry McAuliffe, the former head of the DNC, will also be a place where gun violence prevention will be hotly contested.

The state-based investments would be managed by Lance Orchid, a well-regarded strategist and organizer for the Fund for a Safer Future's state capacity building program.

Conclusion

While OSF funded efforts to counter gun violence in the U.S. over a decade ago, our prior investments, while well-intended, were largely ineffective due to missteps that were spotlighted in an independent review of the program. Reflecting on this, as well as our own recent sharpening of USP's priorities, we believe that these time-sensitive recommendations are a valuable response to the Newtown tragedy that amplify the current moment of opportunity without significantly diverting USP.

Regardless of whether grants are made through this "Newtown Response Fund," this has been an effective, rapid response exercise in connecting a variety of New York, Washington, and Baltimore areas of interest, expertise, and existing work. Beyond the grant recommendations contained here and the earlier reference to OSP's work to confront the renewed push for more police in schools, we also note that the Disability Rights Initiative, part of the OSF Rights Initiative, has expressed an interest in the mental health implications of any policy proposals to address gun violence. This may be another area in which our long-standing interests need defending.

Just over one month has passed since the Newtown tragedy. Since the timing for when federal and state legislative and administrative actions will move remains unclear, we recommend that grant terms for each recommendation be through the end of 2013. Should the grants be made, we'll monitor them closely to ensure that they are well-managed and effectively advancing the vision and goals that are contained in our recommendations.

TO: USP Board

FR: Ken Zimmerman

RE: Request for up to \$2m Obligation of USP Reserve Fund for Loan Guarantee for Model Effort to Expand Health Care Coverage

DA: February 7, 2013

I am requesting approval by the board of the attached request which seeks to use our Reserve Fund in a different manner than usual to support an innovative and potentially nationally significant effort to expand the reach of the Affordable Care Act. As explained in more detail in the memo, which was prepared by OSI-Baltimore and New Drug Policy staff, in consultation with the Soros Economic Development Fund, the proposal requests that up to \$2m in USP reserve fund be reserved as a loan guarantee which, in conjunction with similar commitments by other funders, would enable the non-profit Evergreen Health Cooperative to begin to use a \$65 million federal loan in an innovative effort to include certain low-income Maryland residents in health care coverage. The medical coverage would include affordable addiction treatment and integrated medical care.

Given that the USP board has not been asked to consider such a proposal during my tenure, it is worth noting that the Soros Economic Development Fund is a separate entity but closely affiliated with OSF which provides investment capital to further social policy objectives aligned with OSF's mission. Headed by Stewart Paperin, who also serves as OSF's Executive Vice President, it is staffed with experts in such financial transactions. Staff are asking for approval to move forward with due diligence on the project and, if recommended for investment, to obligate up to \$2 million from the Reserve Fund as a loan guarantee for the Evergreen Health Cooperative.

Any approved loan guarantee would be considered an obligation against the Reserve Fund. Specifically, the loan guarantee would be a no-cash obligation against the Reserve Fund (i.e., an off balance sheet obligation). Nevertheless, USP would need to have Reserve Fund monies available in future years in the event that there is a pay-out or call, which would essentially constitute a grant.

The underlying proposal is attractive not only because substantively it advances a policy objective important to OSI-Baltimore and USP, but also because it significantly leverages USP funds and represents an effective use of an additional tool within the OSF toolbox.

To: Ken Zimmerman

From: Diana Morris, Thomas Cargiulo and Kima Taylor

cc.: Stewart Paperin and Amie Patel (Soros Economic Development Fund)

re: **Obligation against the Reserve Fund of up to \$2 million to cover a loan guarantee to a non-profit insurance CO-OP that will offer affordable addiction treatment and integrated medical care to low and middle income people**

Background: CO-OPs (Consumer Operated and Oriented Plans) were included in the 2010 Affordable Care Act to encourage states, in an innovative manner, to expand health insurance coverage across the country. The Evergreen CO-OP received a \$65 million loan from the U.S. Department of Health and Human Services, and is one of only 24 CO-OPs created in the country. The federal loan enables the non-profit Evergreen Health Cooperative to begin operations as an affordable insurance option for Marylanders. The company will offer insurance through the state's new health insurance exchange when it opens for business in October 2013, with coverage beginning on January 1, 2014. Evergreen will also offer health plans outside of the exchange. The main target market for Evergreen Health CO-OP will be Marylanders in low to middle income brackets who earn too much to qualify for Medicaid yet not enough to afford private insurance. Without the option of paying the lower premium that Evergreen Health CO-OP will offer, many individuals in this category will choose to pay a fine (referred to as a "tax" by the Supreme Court) and remain uninsured.

Program Justification: US Programs, in Maryland and nationally, has sought over the last two years to take advantage of health care reform, a watershed event, to move substance abuse treatment to a chronic disease model that is integrated with somatic care and to make treatment both affordable and easily accessible. Under the health care reform umbrella, the initiative focuses on creating a system that supports patients from early identification through recovery. In select states that serve as models, USP has worked (through grantmaking, advocacy and technical assistance) to ensure that addiction treatment services are covered as part of the essential health benefits that insurance companies in the Health Insurance Exchanges, including the Evergreen CO-OP, must have as part of their benefit package. Using primary care providers is the most effective way to expand access to treatment and improve treatment outcomes.

Nationally, about 2.3 million people are able to access substance abuse treatment. This is less than 10% of the individuals who are in need of treatment. Evergreen will address this issue by keeping premium costs low and using health care professionals to identify patients earlier in the progression of the disease. As in the case of other chronic diseases, this will decrease the cost of treatment while improving outcomes. Currently in Maryland, most of the referrals for publicly funded substance abuse treatment come from the criminal justice system, and there are only sporadic interventions that provide treatment instead of incarceration. Making substance abuse treatment widely accessible through healthcare reform is a necessary component of an alternative to the War on Drugs, paving the way for policy-makers, law enforcement and the judiciary to embrace treatment in lieu of arrest/incarceration for drug offenses.

Request: Evergreen is now seeking private support for the ramp up of the initial four clinics that its insurance will cover in the Baltimore area. Ultimately, Evergreen is authorized to offer its services throughout Maryland and, if successful, the Co-op will provide the impetus for national replication. Evergreen is a patient-centered primary care model, combined with integrated health coaching and care coordination. Based on a pilot of the model in Howard County, Maryland, it is effective in garnering high levels of member satisfaction, creating positive behavioral change, and producing higher levels of patient engagement and empowerment. Insurance coverage in Evergreen's Exclusive Provider Organization (EPO) will be available in the Baltimore area beginning on January 1, 2014. The EPO will deliver primary care via a series of unique neighborhood centers that house a primary care "teamlet." Each teamlet will be staffed by a physician, nurse practitioner, medical assistant, licensed clinical social worker, health care coor-

dinator, front office staff, and a health coach. A regional hub will provide specialty care to four teamlets, including through video conferencing and quickly scheduled in-person appointments, ensuring that patients get care efficiently. All staff will be salaried to eliminate the perverse incentives of the current fee-for-service system. And all procedures will follow approved evidence-based practices. This project has the potential to make a significant change in health care service delivery by showing that services can be provided in a comprehensive manner that not only improves outcomes but also is cost effective.

While the federal grant from the Department of Health and Human Services provides the necessary funds for the insurance cooperative, private support would establish the initial teamlet clinics while the CO-OP signs up patients, collects premiums, and gets to the scale necessary to be self-sufficient. Specifically, the CO-OP needs private support to underwrite costs associated with establishing the initial clinical network—e.g., payroll, clinical supplies, medical equipment, furniture, medications, immunizations, office supplies, operations, rent, utilities, and technology—before it has access to income from premiums. Private support, including from banks and foundations, would come in the form of grants, loans and loan guarantees. Staff from the Soros Economic Development Fund have begun to help US Programs staff with the due diligence process, with the goal of considering a Program Related Investment in the form of a loan guarantee. Other interested foundations include the Annie E. Casey Foundation (up to \$3 million), the Blaustein Philanthropic Group (up to \$1 million), the Abell Foundation (up to \$1 million), and the Weinberg Foundation (capital support for the construction/renovation of clinics). Bank of America and M & T Bank are likely to provide loans, lowering their rates if the foundations provide loan guarantees.

Need for Reserve Funds: As the Soros Economic Development Fund by its guidelines does not support Program Related Investments in the United States, USP would need to identify funds for the due diligence process to move forward. Whether the US Programs ultimately supports the Evergreen Health Cooperative project would be based on the recommendation of Soros Economic Development Fund staff. If the US Programs Board provides its approval and makes funds available, the due diligence process would continue. In particular, OSF and Casey staff would work closely together as they both have the in-house staff expertise to do so. USP staff with expertise in the Affordable Care Act, Dr. Kima Taylor and Dr. Tom Cargiulo, will assist Soros Economic Development Fund staff. The funders are now in the process of identifying an appropriate consultant to assess the risks of the proposed investment. Among other factors, the success of Evergreen will depend on its ability to achieve sufficient market penetration to meet its financial responsibilities (projected at 13,104 enrolled patients in 2014, increasing to 27,104 in 2016). A second risk would occur if the patient population that Evergreen recruits is sicker than it has projected or has worse health outcomes than it has projected. Evergreen has its own business plan, on which Health and Human Services based its \$65 million award, which sets forth why it believes it will reach its targets; however, the foundations would engage a consultant to make an independent assessment.

Any approved loan guarantee would be considered an obligation against the Reserve Fund. Specifically, the PRI would be a no-cash obligation against the Reserve Fund (i.e., an off balance sheet obligation). Nevertheless, USP would need to have Reserve Fund monies available in future years in the event that there is a pay-out or call, which would essentially constitute a grant. Staff are asking for approval to move forward with due diligence on the project and, if recommended for investment, to obligate up to \$2 million from the Reserve Fund as a loan guarantee for the Evergreen Health Cooperative.

Andrew McAfee

Andrew McAfee, a principal research scientist at MIT, studies how technology changes the way companies perform, organize themselves, and compete. He also studies how progress with digital technologies affects economic growth, innovation, and employment.

He coined the phrase “Enterprise 2.0” and his best-selling book on the topic was published in 2009 by Harvard Business School Press. He is the co-author with Erik Brynjolfsson of the ebook *Race Against the Machine: How the Digital Revolution is Accelerating Innovation, Driving Productivity, and Irreversibly Transforming Employment and the Economy*, which was published in the fall of 2011.

McAfee has been named one of the “100 Most Influential People in IT” and has appeared on 60 Minutes, The Charlie Rose Show, and other programs. His articles have appeared in Harvard Business Review, Sloan Management Review, and many other publications.

He received his Doctorate from Harvard Business School, and completed two Master of Science and two Bachelor of Science degrees at MIT. He has held appointments as a professor at Harvard Business School and a fellow at Harvard’s Berkman Center for Internet and Society.

Arkadi Gerney

Arkadi Gerney is a Senior Fellow at the Center for American Progress. Arkadi's work focuses on crime, gun policy, immigration, data innovation, and data privacy.

Prior to joining CAP Arkadi was senior director for policy, partnerships, and public affairs at Opower, a fast-growing software company that works with more than 75 utilities in the United States and across the globe to improve the effectiveness of their energy-efficiency portfolios and motivate their customers to save energy. Arkadi led a team focused on regulatory research, government outreach, and partnerships on matters including utility regulation, energy efficiency incentives, smart grid data, and environmental legislation. Arkadi also oversaw Opower's data access and data privacy strategy, including the company's efforts around the White House "Green Button" standard and the development of Opower's data privacy code of conduct.

Prior to joining Opower Arkadi worked as special advisor and first deputy criminal justice coordinator to New York City Mayor Michael R. Bloomberg, where he managed Mayors Against Illegal Guns, a national coalition that Mayor Bloomberg co-chairs. During four and a half years in the mayor's office, Arkadi oversaw the coalition's growth to more than 600 mayors, led successful campaigns to influence federal legislation, partnered with Wal-Mart to develop a landmark gun-seller code of conduct, and led New York City's undercover investigation of out-of-state gun shows. Arkadi also managed some of the city's criminal justice programs, including the launch of a citywide Financial Crimes Task Force and efforts to digitalize the criminal court arraignment process. In addition, Arkadi helped develop other national coalitions led by Mayor Bloomberg, including the Partnership for a New American Economy and Cities of Service.

Before joining the Bloomberg administration, Arkadi worked as a litigator at WilmerHale and as a partner in a political consulting firm.

Arkadi received his bachelor's degree in government from Harvard College and a law degree from Harvard Law School. Arkadi is a native New Yorker who now lives in Washington, D.C., with his wife and two children.

Peter L. Beilenson

Peter L. Beilenson, M.D., M.P.H. currently serves as the CEO of the Evergreen Health Cooperative, an innovative, member-owned health care model authorized by the Affordable Care Act. He brings 20 years of experience in public health leadership having previously served as the Health Officer of Howard County, Maryland in the Administration of County Executive Ken Ulman and as the Baltimore City Health Commissioner in the Administrations of Mayors Kurt Schmoke and Martin J. O'Malley.

Dr. Beilenson received his undergraduate degree from Harvard College, Medical Doctorate from Emory University School of Medicine, and Masters in Public Health from the Johns Hopkins University Bloomberg School of Public Health.

During his tenure in Baltimore City, Dr. Beilenson's vision led to expanded drug treatment programs in Baltimore, improved immunization compliance, a wide range of extremely effective lead poisoning prevention initiatives, juvenile violence prevention, and the creation of the state-wide initiative for universal health coverage in Maryland - Health Care for All. In Howard County he has launched the Healthy Howard Access Plan, a first-of-its-kind program in the country that provides comprehensive, affordable health and wellness services to the uninsured of Howard County; the Healthy Howard Initiative—which certifies healthy schools, workplaces, childcare and restaurants; and the first in the nation ban on indoor tanning for minors.

Dr. Beilenson has received many national and local awards for his innovative health policies including the first-ever recipient of the Milton and Ruth Roemer Award for creativity by a local health official from the American Public Health Association, 2008 Innovator of the Year Award from The Daily Record, 2010 Baltimore Power 20 from the Baltimore Business Journal, and he was chosen as one of 25 Visionaries Who Are Changing Your World in 2011 by the Utne Reader, a national progressive magazine. He also is the co-author of the book entitled "Tapping into the Wire", which uses the hit HBO series as a lens on urban issues.

TO: Boards and Staff of the Open Society Foundations

FROM: Board Engagement Design Team^{1*}

DATE: January 8, 2012

SUBJECT: Structure & Role of Advisory Boards

This memo sets out our recommendations for engagement of the Open Society Foundations with the many members of the advisory boards to its thematic programs. The recommendations seek to enhance the value of advisory boards to the Foundations and to make the experience of serving on those boards as fulfilling as possible for members.

Our recommendations address five broad areas:

1. Role of the advisory boards
2. Connection of the boards to the wider Open Society Foundations
3. Board structure, composition and procedures for appointment
4. Frequency of meetings and interactions with program staff
5. Implementing these recommendations

In the course of our work, we were struck most forcefully by how differently the various boards operate. We each came to recognize that the boards with which we were familiar are not typical of the boards as a group, because there is no typical board. More important, the differences among the boards often reflect the history of the programs rather than their specific needs as they currently operate. Our overall recommendation is that the Open Society Foundations continue to permit variety in the procedures followed by different boards, but that the differences have reasons related to the work of each board. More specifically, the Foundations should establish a common starting point (or “default setting”) for advisory boards: procedures each would follow unless they have a good reason to do otherwise. Variations from the common starting point should be permitted liberally, but there should be a reason for each variation related to the needs of the specific program.^{2*}

Background to the Recommendations

In July 2012, we began surveying program directors and advisory board members to guide our deliberations, and we gathered additional advice from board members participating in the joint meeting of the board in Budapest in September 2012. Some of our initial thoughts were discussed by the Global Board of the Open Society Foundations in December 2012, and we have taken that discussion into account as well.

1 * The Board Engagement Design Team was launched on July 2 with Chris Stone as chair and with the following members: Tom Carothers (chair of the board of the Think Tank Fund), Erika Dailey (deputy director in the Office of Programs), Rachel Hart (associate director of communications), Claudia Hernández (liaison to the advisory boards), Laleh Ispahani (director of the Transparency and Integrity Fund within US Programs), Emily Martinez (director, Human Rights Initiative), and Kay Murray (deputy general counsel). In September 2012, three additional members of advisory boards joined the team: Akwasi Aidoo (member of the Open Society Fellowship Selection Committee and chair of the board of the Open Society Initiative for West Africa), Joanna Erdman (member of advisory board to the Public Health Program), and Martin Woodhead (chair of the advisory board to the Early Childhood Program).

2 * The design team was asked to focus on the advisory boards of the thematic programs of the Open Society Foundations, and these recommendations therefore are directed only at the boards advising the following programs: the Crime & Violence Prevention Initiative, the Early Childhood Program, the Education Support Program, the Higher Education Support Program, the Human Rights Initiative, the Information Program, the International Migration Initiative, the International Women’s Program, Making the Most of EU Funds for Roma, the Media Program, the Network Scholarship Program, the Open Society Fellowship Program, the Open Society Justice Initiative, the Public Health Program, the Roma Initiatives Office, the Think Tank Fund, and the Youth Initiative. Other advisory boards and programs may also find the discussion and recommendations here of interest.

Our surveys before and after the Budapest meeting sought information about the interaction among board members and staff, the functions, role, and structure of the boards, the value board members provide OSF, and the value they receive. We asked board members what they thought of the Budapest joint meeting, and how OSF might strengthen their connection to the organization. Finally, we asked all respondents to tell us what currently works well and how things could be improved. We received responses to our survey from directors or staff of 23 of the 24 thematic programs that have advisory boards. We also received detailed comments from 26 board members representing 13 of the thematic programs.

The majority of program directors say that their programs benefit greatly from their advisory boards. They specifically praise the insights into developments in the field and intellectual engagement, the high level contacts, the critical guidance in implementation of programs, regional expertise, and the critique of specific program strategies that the boards provide. Program directors also are grateful for advice on potential grants that present complex challenges.

In turn, most of the board members who responded greatly value their interaction with other board members and staff of diverse backgrounds and geographies, the serious commitment of all to shared values, the intellectual stimulation they get from the meetings, the opportunity to share knowledge with peers, and the greater understanding they get about where the field is headed. If there is one common request from board members, it is for a clearer understanding of the Open Society Foundations as a whole and their place within it.

Role of the advisory boards

Approximately half of the boards focus during their meetings primarily on the program strategy, and secondarily on the state of the field. Another one-third of the boards reverse the order, focusing first on the state of the field and secondarily on program strategies. About half of the boards play some role in approving grants, but only about one-fifth report this as their primary role. For the most part, boards do not approve or provide advice on program budgets, nor do they take a role in appointing program directors or evaluating the director's job performance.

The role of the advisory boards in approving grants deserves particular attention, although only half report playing any role at all. Some boards review and formally approve all grants above USD \$25,000. Others focus principally on large or controversial grants. Some perform reviews only by e-mail between meetings, leaving meetings for discussion of the state of the field or program strategies. Some divide grants among board members, with only two members responsible for reviewing each major proposed grant. For some programs, the priority is to review "portfolios" of grants that each link to a specific strategic priority, rather than trying to engage with large numbers of small grants within each portfolio.

In addition to these sorts of arrangements, some programs encourage or require staff to consult individual advisory board members early in the consideration of a possible grant, and program staff members report that these early consultations are more valuable than review once the grant has been finalized. The staff of U.S. Programs, for example, provides short "blurbs" describing possible grants early in the process to individual advisory board members with relevant expertise.

In general, we found that board members appreciate the opportunity to comment on difficult or complicated grant proposals, especially early in the process, but that the expectation that boards will review all grants at the end of the process is unrealistic or burdensome for most boards.

In contrast to the effort made to review proposed grants, few boards have the time to systematically review the results of grants after the grants have been awarded and work has been underway for a reasonable period. In our view, this is a lost opportunity both to learn about the value of the work that programs support and to test the assumptions that program staff make when recommending grants.

We recommend that, as a starting point, advisory boards focus their meetings on four broad activities: (a) review of program strategies in light of budget constraints, (b) discussion of the state of the field or fields in which the program is active, (c) provision of guidance to staff on selected difficult or complex grant proposals, and (d) assessment of the performance of grants within portfolios organized by strategic goal, place, or sub-field.

Our aim in making this recommendation is to encourage boards to focus where they contribute the most and where advisors most enjoy their engagement with the programs: using their expertise to guide program priorities, shaping the development of major new initiatives, and providing some accountability for the execution of strategies by program staff. While we expect that boards may vary widely in the time they devote to each of the four activities listed, we believe boards should offer a reason if they do not intend to spend some of each meeting on each of these four activities. In making this recommendation, we also recognize that the balance of time on each of the activities will also shift between meetings in order to best contribute to the program's strategy development, grant-making, and review cycle. We also recognize that other activities may occasionally be added, such as nomination of future board members, or discussion of changes within the Open Society Foundations. Let us now clarify what is covered by each of the four broad activities:

a. Review of program strategies in light of budget constraints

The relation between budgets and strategies is changing at the Open Society Foundations as our financial resources are no longer growing. In this context, advisory boards can play a useful role in suggesting where programs can cut back in order to devote resources to new endeavors. Indeed, many boards already do make recommendations about priorities in light of budgetary constraints. To make their advice most useful, boards should be informed of the program budget and expenditures as part of the reference material for each meeting.

In reviewing the program strategy, advisory boards should distinguish between the ways in which programs are *supporting the fields* in which they have been engaged and the ways in which they are *advancing new concepts and initiatives* that they are helping to shape. Advice will be helpful on each of these two kinds of activities, as well as the balance between them. Boards can also usefully advise how programs might contribute to goals being pursued within the larger Open Society network, as well how programs might strengthen their external profile and partnerships.

The balance in each program between support for the fields on one hand and investment in new concepts and initiatives on the other is central to the way the Open Society Foundations as a whole are now structuring goals and strategies. Annual budgets starting in 2014 will allocate funds separately for these activities, and proposals from boards and programs for additional resources for new concepts and initiatives will be reviewed on a continuing basis. In 2013, the Foundations will be implementing a process for the nomination and development of new initiatives to be shaped by several programs and foundations together (designated as shared strategic frameworks), and the boards and staff of individual programs should also be able to propose new initiatives when compelling opportunities arise. It is crucial, however, that new initiatives shaped and endorsed at board meetings be communicated to the president of the Open Society Foundations early in their development so that boards and staff focus on new concepts that are likely to receive support.

b. Discussion of the state of the field or fields in which the program is active

Advisory boards have found many ways of usefully discussing the state of the field, and we do not recommend any one method over others. In some cases, boards have asked one or two members to lead a conversation on a subject within their expertise, engaging the other members and staff. In other cases, program directors have invited a small panel of grantees to discuss a single issue from multiple perspectives with an expert board member as moderator. In still other cases, boards have found devices (including games and mini-debates) through which all members can nominate trends or contradictions with which a field is grappling as a way of opening a discussion.

What it means to review a field will vary from program to program. A field may encompass conceptual, legal, technical, policy, programmatic, and geographical dimensions, and a review may or may not refer to specific research or evaluations.

However it is done, we urge boards to make the discussion of the state of the field (or at least one field in which the program is active) a regular feature of each meeting. These discussions guide program staff in the development of new projects and board members report that they value the opportunity to learn from each other in such discussions.

c. Provision of guidance to staff on selected difficult or complex grant proposals

All of the boards that currently review grants report that the meaningful discussions at their meetings usually focus on just one or two of the most complicated. Beyond this, however, there is little agreement about how boards effectively contribute to the grant making process itself. Some programs favor early engagement of individual board members who have knowledge of the particular issue or organization in question, before program staff have developed firm views; but members of other boards, in contrast, prefer to review a fully formed recommendation and polished staff memo. For still others, the most helpful engagement of individual board members is around a portfolio of proposed grants that implement a program priority on which they have technical expertise. And some boards do not concern themselves with individual grants at any stage because the programs they advise, such as the Scholarship Program or the Justice Initiative, make relatively few grants to organizations.

What seems clear is that boards should be informed in a succinct manner outside of board meetings about substantial grants under consideration. Between meetings, therefore, program staff should keep board members apprised of the grants and proposals moving forward and the organizations being supported and considered, providing an opportunity for board members to raise questions if they choose. Any questions raised should be addressed by the program director and the chair of the advisory board, whom we expect will usually be able to resolve them quickly. However, if questions persist about a grant or an organization, the chair and director should make time for discussion in the agenda for the next full meeting or conference call among the board. Some boards may also find it useful to discuss calls for proposals or other program announcements.

d. Assessment of the performance of grants within portfolios

A fourth activity at meetings should be the review of the performance of grants (or other program activity) in portfolios organized thematically, geographically, or by strategic goal. For example, rather than hear from one or two grantees about their work in isolation, boards might consider the work of one or two grantees in the context of a full portfolio of grants or activities designed to advance a specific goal and might discuss how the featured grantees compare with the others in the portfolio. Alternatively, staff could present an assessment of a collection of organizations supported in a particular locality, describing how some of the organizations are developing greater strength or effectiveness, while others are struggling to overcome internal or external challenges, comparing these developments with what was initially expected at the time the grants were made.

Portfolio reviews of this kind will be used increasingly throughout the Open Society Foundations in 2013, and advisory boards should experiment with the forms that seem to fit their particular programs and goals. We also encourage board members to provide their assessment of the quality of staff work to program directors or board chairs.

Connection of the boards to the wider Open Society Foundations

Board members found the meeting in Budapest highly beneficial, particularly as an opportunity to meet and interact with other board members. All who responded wrote that these kinds of meetings should happen on a regular basis but there were various views as to how often and what the format should be. A number of members thought the new member orientation process could be structured to enhance engagement across programs. They generally expressed a desire to be more connected across the network, and to be better informed about its structures and programmatic work.

Members also expressed a desire to engage more with each other and other programs through technology: examples suggested included participating in programmatic meetings and other events by Skype or videoconference, interacting through an intranet or on-line “public square,” and use of social media.

We recommend that advisors be encouraged (but not expected) to serve on two advisory boards if their interests and time permit.

We further recommend that a joint meeting of the boards, like that in Budapest, be repeated once every three years, and that the chairs of the advisory boards be convened annually to meet with each other, with the leadership and management of the Foundations, and with members of the Global Board.

This should improve coordination across programs as well as allow these advisors to bring a greater understanding of the Open Society Foundations as a whole to their role and to their discussions with colleagues.

There are further steps that can be taken to strengthen these connections. Boards should receive information about the other Open Society programs and foundations working in their fields. In addition, opportunities might be found for occasional joint meetings or the co-location of meetings that would permit a period of exchange between the boards. Such joint meetings might be held in Budapest, in conjunction with the School of Public Policy of the Central European University, or with specific “policy centers” being developed by CEU and the Open Society Foundations at universities around the world.

Board structure, composition and procedures for appointment

Boards currently include a mix of completely independent advisors, Open Society grantees, and Open Society staff members. By a “grantee,” we mean someone who personally receives funding from one or another part of the Open Society Foundations, or who serves as a fiduciary of an organization that is itself a grantee. Board size today ranges from three to ten, exclusive of the program director.

While most advisory board members find the size and diversity of the boards satisfactory, programs with boards of only three members find them too small. Recruitment for new members comes mainly from within the field in which the program is active, and some respondents expressed the desire to recruit some members from a different field or arena. Currently, program boards and staff are the source of most nominations for new members, with the Global Board playing almost no role. Program directors are more likely than board members to say that they need more diversity in board membership and that rotation policies should be more strictly followed.

We recommend that advisory boards have a minimum of five members with diverse experience and backgrounds, appointed for up to two three-year terms. While we do not recommend a maximum, boards should not have more members than can participate meaningfully in the time available at every meeting.

Members should continue to be selected to achieve a balance of thematic, technical and geographical expertise most relevant to the program. No more than one or two members of any board should be Open Society staff, and then not decision makers in programs that routinely co-fund with the program being advised. Staff members should not chair advisory boards. Wherever possible, the chair of each board should be an independent member, not a grantee. Independent chairs should prove especially helpful to program directors and to the boards themselves in managing potential conflicts of interest arising during discussions of grants, strategy, or the state of the field.

A clear, transparent and uniform selection process by which advisory board members are appointed should be managed by the president’s office on behalf of the OSF’s Global Board. Program directors and advisory board chairs working together should recommend new advisory board members for approval by the OSF president subject to review by the nominating committee of the Global Board.

We recognize that there may be exceptional cases for permitting advisory board members to serve beyond two three-year terms, but only at the specific request of the advisory board chair and the program director, and with specific permission from the OSF president and Global Board. With the exception of the board chair, in such cases of service beyond two three-year terms the board member should take a one-year break before resuming service.

Frequency of meetings and interactions with program staff

The majority of programs hold two or three in-person meetings per year, and most interactions between boards and staff take place during these meetings. Board members reported that in-person meetings were of adequate length and frequency. Conference calls are less frequent, although some program staff report regular calls with their chairs, subcommittees, or individual members. Very few conference calls are held with entire boards.

Programs use a range of regular written correspondence, newsletters, and other means to keep members up-to-date on their activities.

We recommend that advisory boards meet in person twice per year for one to two days each time, with additional meetings by tele-conference or video-conference as needed.

Less frequent meetings will make it difficult for board members to become familiar with each other and with the program staff. Some boards rely on advisors whose professional work makes even twice yearly meetings in person too burdensome, which would be a reason for a single annual meeting supplemented with calls.

Implementing these recommendations

If the Open Society Foundations adopt the recommendations here, we propose that each program in conjunction with its advisory board carry out a review to determine what changes are needed to adjust to the new common starting point and to decide if there are good reasons for the particular program and board to vary from this. At the same time, staff of the Foundations should revise the “sub-board manual” and the “principles of governance” to make them consistent with these recommendations.

We recommend that each program review how the staff and board have been functioning in relation to the recommendations made above, and either explain how it will change its practice to conform to the new norms or make a case for approval to function in its own way. These reports should also include an outline of each board’s plan for renewal of membership, taking account of current advisory member contracts.

This review should in most instances be led jointly by the program director and the advisory board chair. Each program should be able to complete this exercise and submit a short report on its review to the senior management of the Foundations by the end of the third quarter of 2013. Such self-assessments should continue in future years, helping to maintain this process of reflection and adjustment as the Foundations continue to evolve.

Memorandum

TO: Open Society Program Directors, Department Heads,
Foundation Directors, and Board Chairs

FROM: Chris Stone *Chris Stone*

DATE: January 12, 2013

SUBJECT: Development of Strategies and Budgets for 2014

Beginning this month, all of the programs, departments, and foundations within the Open Society network will be working on strategies and budgets for 2014 and the years immediately following. The process will be spread over most of the year, and its conclusion will mark the end of the 18th month leadership transition at the Open Society Foundations.

We are asking each program, foundation, and department to prepare, in the first half of 2013, a four-year strategy accompanied by a one-year work plan for 2014. Then, once the strategy is approved, we are asking you to prepare, in the second half of the year, a zero-based budget for the approved strategy. This memo describes the basic process, reviews the documents you will be asked to provide, and provides some initial guidance, including an explanation of what I mean by zero-based budgeting. In the weeks and months ahead you will be getting a new template, more detailed instructions, and notice of a series of conference calls, webinars, and other ways we hope to stay in discussion with you throughout this process.

My hope is that by beginning now and communicating frequently throughout the process, the preparation of strategies will be meaningful and genuinely helpful in your own work. For all programs and foundations, budgets will be more closely tied to strategies in 2014, and for thematic programs and geographic programs the approval of a strategy and budget should produce a greater delegation of authority in 2014 than it does currently. For all these reasons, the strategy process in the months ahead will be especially important.

Preparing Strategy and Budget Documents

The process will be different from prior years. Instead of presenting a strategy and a budget together in the second half of the year, we are splitting the exercise into separate parts. There will be three documents for you to submit, each with its own deadline:

- 1. One-Page List of Tentative Priorities.** This is a new feature of the process this year. Each thematic program is asked to submit to the Office of Programs a statement of not more than one page listing the countries in which the program expects to mount substantial activity in 2014. Each geographic program and foundation is asked to submit to the Office of International Operations a statement of not more than one page listing the themes* on which it expects to mount substantial activity in 2014.** You should use your judgment in defining “substantial activity.” Making one or two grants of moderate size would probably not be included, but a thematic program mounting a large advocacy effort aimed at a country’s government, even if all grant making and operations are located in other countries, should be included. These one-page lists do not commit the programs or foundations to work in these places or on these themes, and the lists will be formally reviewed or subject to approval. The lists will be shared with all program and foundation directors to help you identify other elements in the network with whom early consultation on overlapping priorities might be useful. ***The One-Page List of Tentative Priorities is due on Friday, February 8, 2013.***
- 2. 2014 Proposed Goals and Strategies.** This will take the place of what you have previously submitted as the program or foundation strategy. A new template for the 2014 Proposed Goals and Strategies will be distributed on January 21, along with instructions on how to use the template. There will be a variety of webinars, conference calls, and materials made available over the next several months to assist you and your colleagues in preparing the document. The template will ask you to consider separately (a) grant making and other work that supports the fields or places in which you are active but that relies on grantees or partners to define precise goals and develop strategies to achieve them, (b) grant making and other work to advance goals, develop concepts, and take initiatives that the program or foundation itself has played a large role in formulating, and (c) grant making and other work in support of OSF shared strategic frameworks. The document will ask you for a four-year strategy, but a more detailed one-year workplan. ***Your 2014 Proposed Goals and Strategies are due on Friday, May 31, 2013.***
- 3. Revised Goals and Strategies with Proposed Budgets.** The Strategy-Budget-Performance Committee of the Global Board will approve the proposed goals and strategies (with or without modifications) by the end of June 2013, at which time you will also receive budget templates for 2014. You will then be asked to prepare a budget for the approved strategy, making whatever revisions to the goals and strategies are necessary. ***The Revised***

* A list of possible themes is attached to this memo as an Annex, but you may include themes not included in this list if none of these fit your priorities.

** It would be helpful if you mark with an asterisk any theme or country you list as a priority in 2014, but which you already know will not be a priority in later years.

Goals and Strategies with Proposed Budgets are due on Friday, September 6, 2013.

The final goals, strategies, and budgets to be approved by the Global Board at the end of 2013 are meant to be living documents. I hope that program and foundation staff, together with their boards, will continue to revise these as they implement the approved strategies, assess the results, review progress, and make adjustments. The documents will also need revision as new shared frameworks are developed to which a program or foundation chooses to contribute, and as other new opportunities arise. If these revisions reach the point before year-end that they require increases to the approved budget, a budget modification will need to be submitted for review and approval. Otherwise, the process for 2015 will only require approval of adjustments to the goals and strategies, a fresh annual work plan, and an annual budget. We anticipate a full strategy process in 2016 that would again look four years out, with a one-year work plan and budget.

Meeting with Global Board's Committee on Proposed Strategies

During the preparation of your 2014 Proposed Goals and Strategies, you will have a 90-minute meeting with several members of the OSF senior management committee and members of the Global Board's Strategy-Budget-Performance Committee. The meeting will also be open to other interested members of the OSF Global Board.

These meetings are not formal reviews, as they will take place before you have completed drafting your proposed goals and strategies. The first will take place in late February and the last in early June. The meeting is an opportunity to discuss your preliminary ideas about opportunities to support the fields and places in which you are active, about possible goals and strategies, and about possible contributions the program or foundation might make to shared strategic frameworks. They are also opportunities to discuss the "tools" you are thinking of using, such as grant making to organizations, direct advocacy or advocacy research, public communications, litigation, scholarships and fellowships, financial investments, and assistance to government. The meetings also provide opportunities to discuss possible ways of monitoring progress toward the goals you are considering. Program directors and executive directors of foundations will need to attend these meetings and board chairs will be invited to attend at their option, though attendance can be in-person or by video- or tele-conference.

Discussions at meetings early in the process (e.g., in February and March) will necessarily be much more tentative and exploratory than meetings later in the schedule. Regardless of when they occur, the meetings are meant to inform a continuing process of strategy development, not to render a decision on any proposal.

In preparing, please think about the meeting as a conversation. The participants—in addition to myself, the program or foundation director, and the board chair (at his or her option)—will include various members of the senior management committee of the Open Society Foundations and various members of the Global Board. Maria Cattai and/or Pierre Mirabaud from the Board’s Strategy & Budget Committee will likely participate, and George Soros has encouraged other members of the Board to join when it is convenient and when the discussion concerns programs or foundations in which they have a particular interest. All of the participants will know that your views are subject to change and that you may not even have begun formal consultations with board members and various partners. Staff work may be at a very early stage. Still, I expect that these early conversations will prove valuable as you shape your proposed strategies for the May 31 deadline.

We will be interested to understand how you understand the fields and places in which you expect the program or foundation to be most active. What the trends, innovations, challenges, debates shaping those fields and the public debates in those places? Which organizations and individuals are playing the most significant roles, and for which are you considering support because you trust them to identify goals and implement strategies to advance our shared objectives? What specific goals is the program or foundation considering as possible priorities, and what ideas or innovations have you helped to craft to advance those goals. How can grants making advance these goals and what other support will your grantees need? What other advocacy will you conduct directly? How could other parts of the Open Society Foundations assist the effort, whether through advocacy and communications, program-related investments, litigation, scholarships and fellowships, or other tools? What questions will you, the staff, and the board need to answer in order to develop a full strategy.

Budget Targets and Zero-Based Budgeting

We will not ask you for budgets until the second half of 2013, but you will find it useful to have a budget target in mind as you prepare your 2014 Proposed Goals and Strategies for submission in May. As you think about your goals and strategies for 2014, please assume that:

- headcount will remain fixed at 2013 levels
- certain non-personnel administrative costs such as travel will be reduced by 5-25 percent
- grant-making and consultant budgets will be reduced by 25 percent

I reiterate that you are not being asked for a budget at this time, but you should be thinking in these terms about available resources as you put together your goals and strategies.*

This is the first step in what we are terming a “zero-based budget” for 2014. What that means is that all proposed spending will need to be justified: not simply changes from prior year spending levels. That process begins with the goals and strategies themselves: each goal and strategy will need to be justified in the document you submit in May, even if you are simply proposing to continue what you have done in prior years. More detailed instructions will be provided with the template to be distributed later this month, and we will have a chance to discuss the implications of this zero-based budgeting process in the conference calls and webinars that will take place from now through May.

Once the strategies are approved in June, you will be asked to provide a proposed budget in September with three options: a high, a medium, and a low total. For most programs, the “medium” target will be one that conforms to the assumptions listed above, but the targets will vary from program to program, depending on the review of strategies submitted in May.

Why am I asking you to develop your goals and strategies with a reduced budget from 2013 in mind? The answer is two-fold. First, in this new era of limited resources, we have to free-up money in the budget in order to continue to invest in new initiatives. There will be opportunities throughout each year when boards and directors can request new resources to seize new opportunities, but the funds to support new initiatives, whether conceived within the Foundations or by our founder, must come from within the limited funds available. Second, I am continuing to reduce the overall expenses of the Open Society Foundations in order to preserve assets for opportunities that arise in future years. The budget of the Open Society Foundations has risen and fallen over the last two decades, and these fluctuations will continue. While I will present a prudent budget to the Global Board in December this year, both the Global Board and I are equally determined to retain the flexibility to respond to important opportunities whenever they arise.

Meeting with the Global Board’s Committee on Proposed Budgets

Following the approval of strategies in June and the submission of proposed budgets in early September, the Global Board’s Strategy and Budget Committee may request to meet with some program directors or foundation directors to further discuss the revised goals and strategies or the proposed budgets. Those meetings will be scheduled for October if at all possible.

* This zero-based budgeting process and the assumptions listed here apply across all foundations and programs except US Programs, which went through the zero-based budget process in 2012.

In November, the board committee will meet with the senior management committee to review the entire budget, during which questions may arise to which program directors or foundation directors may need to respond quickly. You will be notified about the budget that the Strategy and Budget Committee is recommending for your program or foundation at the end of November. The full Global Board will adopt a budget for 2014 in early December 2013.

Continuing Discussions of Strategy and Budget Development

Throughout the year, my office will schedule webinars and conference calls to discuss questions or concerns that arise during the strategy development and budget development process. The first of these will take place in January, and they will continue at least monthly. These will be supplemented by on-line resources, including answers to frequently asked questions and an e-mail help service.

Annex: List of Possible Themes

In preparing the one-page list of tentative priorities, directors of foundations and geographic programs might find it helpful to refer to the following themes that fall within one or more of the thematic programs of the Open Society Foundations. You should not feel restricted to this list, but the list may be useful in clarifying what we mean by a “theme.”

Access to Justice/Legal Empowerment of the Poor
Agriculture and Food Policy
Anti-Corruption
Arts and Culture: General
Arts and Culture: Performing Arts
Arts and Culture: Visual Arts
Child/Youth Rights
Civic and Political Leadership Development
Civil Society Financing and Government Regulation
Climate and Environmental Policy
Counterterrorism and National/International Security
Crime & Justice: Court Reform, Prosecution, Pretrial Detention, Criminal Codes
Crime & Justice: Crime Prevention
Crime & Justice: Penal Reform
Crime & Justice: Police Reform
Crime & Justice: Rights of Crime Victims
Crime & Justice: Rights of Criminal Defendants
Drug Policy Reform and Harm Reduction
Early Childhood Development & Education
Economic Policy, Economic Development, Equitable Growth & International Trade
Economic and/or Political Theory
Elections, Voter Participation, and Electoral Integrity
Ending Xenophobia, Racism, and Ethnic Bias, Discrimination
Freedom of Expression and Freedom of Speech
Freedom of Information and Access to Information
Freedom of Religion
Health Financing and/or Health Systems
Higher Education
Human Rights: Advocacy with International Institutions
Human Rights: General
Human Rights: LGBTI
Human Rights: Rights of Persons with Disabilities
Information and Electronic Data
International Courts and International Justice
Job Creation
Local Government Administration
Media and Journalism
Migrant Rights and/or Migration Policy

Primary & Second Education: Financing and/or Structural Policy
Primary & Secondary Education: Pedagogy and Curriculum
Public Health: Access to Medicines
Public Health: HIV/AIDS
Public Health: Palliative Care
Public Health: Tuberculosis
Right to Citizenship
Right to Education
Right to Employment
Right to Food and/or Water
Right to Information
Right to Land
Right to Property
Roma Empowerment
Roma Policy
Rule of Law
Sexual Health and Rights
Transparency and Accountability of Governments and/or Corporations
Violence Prevention
Women's Rights
Youth: Activism and Organizing
Youth: Debate