

**Minutes of the Meeting of the U.S. Programs Board
Of the Open Society Institute
September 30 – October 1, 2009**

A meeting of the U.S. Programs Board (the “Board”) of the Open Society Institute (OSI) was held at the Open Society Institute on September 30, 2009, at 2:00 p.m. and October 1, 2009, at 8:30 a.m. There were present Board members Deepak Bhargava, Leon Botstein, Geoffrey Canada, Joan Dunlop, Sherrilyn Ifill, Aryeh Neier, George Soros, Jonathan Soros, Bryan Stevenson, and Ethan Zuckerman.

Attending the meeting by invitation were OSI staff members Maija Arbolino, Ann Beeson, Ricardo Castro, Nancy Chang, Mimi Corcoran, Monique Dixon, Timothy Dorsey, Shawn Dove, Solomon Greene, Erlin Ibreck, Laleh Ispahani, Raquiba LaBrie, Diana Morris, Kay Murray, Tawanda Mutasah, Leonard Noisette, Maria Teresa Rojas, Rashid Shabazz, Laura Silber, Herbert Sturz, Jane Sundius, Bill Vandenberg, Elisabeth Williams, and Nancy Youman. Also attending by invitation were Andrea Soros Colombel, Alexander Soros, Margaret Beale Spencer, Albert Sykes, Judge Steven Teske, and Michael Vachon.

At the request of George Soros, Ann Beeson, Executive Director of U.S. Programs, served as chair of the meeting.

Ms. Beeson welcomed the Board and staff to the meeting. The minutes of the May 20-21, 2009, meeting of the U.S. Programs Board were offered for approval. Upon a motion duly made, seconded, and unanimously carried, the Board approved the minutes.

Ms. Beeson introduced the main agenda item for Day 1 of the Board meeting: a discussion of U.S. Programs’ proposed budget for 2010, starting with an overview of U.S. Programs’ vision and mission:

- We envision a vibrant open society that invites all people to participate fully in civic, economic, and cultural life, respects diverse opinions and encourages critical debate, and protects fundamental human rights, dignity, and the rule of law.
- We recognize that power and opportunity are not broadly shared in America, and so we support efforts to expand accountability for those currently in power and to build the power of historically excluded groups to press for change on their own behalf.

To implement the vision, U.S. Programs supports initiatives that build an inclusive society that increases opportunity for everyone; promote civic participation and develop new leaders, especially among communities that have historically had no voice; ensure fair criminal justice, immigration, and national security policies, and reduce the over-reliance on incarceration and harsh punishment; increase the transparency and accountability of institutions vital to open society. The goals of the individual programs

are deeply linked and the programs work collaboratively and frequently co-fund organizations that are advancing multiple issues. Examples of linked goals include exposing structural inequality requires transparent and accessible data; and advancing achievement for black men requires reforming the criminal justice system that unfairly targets them.

The proposed 2010 budget for U.S. Programs as submitted to OSI Finance is \$118,351,729. Revisions subsequent to that submission will bring it down to about \$108 million. In comparison, the approved U.S. Programs budget for 2009 was \$121,036,137. Ms. Beeson explained that most of the 2010 budget requests are consistent with previously approved allocations authorized by OSI management or the Board. The factors that influence the allocation of money across and within programs include consultations with the field to determine needs, consultations with colleague funders, costs associated with differing strategies, assessments of whether to work at the federal, state or local level or some combination, the strategies and resources of opposing forces, whether the intention is to build new fields or organizations or sustain existing ones, and whether the effort will be sustained over the long-term or is a more limited initiative.

Ms. Beeson described the staff process of developing the budgets, based on three-year strategic plans recently completed by most of the funds and campaigns and with substantial input from Board advisors. Each fund or campaign was asked to submit a narrative budget and planning document that reviewed 2009 activities, successes and challenges and looked ahead to plans, opportunities and special needs in 2010, along with back-up spreadsheets detailing program development spending and allocation of grant budgets across the fund/campaign's strategies. The plans were reviewed with Ann Beeson, U.S. Programs Deputy Director Nancy Youman and U.S. Programs Finance and Administration Manager Elisabeth Williams, and revised as needed. The individual budget for each fund or campaign was then submitted to OSI Finance and to the Board advisors for review. Board members received the full U.S. Programs budget and explanatory materials over the summer; and some Board advisors offered written comments on their funds or campaigns, which were included in the Board books circulated in advance of the Board meeting.

Ms. Beeson offered an overview of the budget, which consists of two parts: 1) U.S. Programs' core funds, with stable budgets dedicated to issues of core concern to the foundation (criminal justice, equality and opportunity, transparency and integrity, democracy and power, strategic opportunities and OSI-Baltimore); and 2) multiple special initiatives of time-limited duration that respond to a particular challenge or opportunity identified by the Board in conjunction with the staff.

Board discussion of the budget overview revolved around the ongoing difficulties of attracting funding partners to OSI's fields of interest. Staff noted that the Ford Foundation's reformulated justice program is a good new partner and that we have a good working relationship with The Atlantic Philanthropies on many issues, but that the demise of the JEHT Foundation was a major loss that was still being deeply felt. With wealthy individual donors professionalizing their giving, new funding partners could

emerge. And many organizations are intent on diversifying their funding bases to include individual donors, small and large, and OSI is working with some of them to identify innovative models.

Ms. Beeson noted that the projected 2010 budget for the core funds and operations of U.S. Programs is approximately \$65 million. She said that staff does not expect this budget to fluctuate a lot from year to year; rather, the budget for the core funds can be thought of as a “floor,” or a minimum amount that is needed to address U.S. Programs’ core priorities. She noted that each of these programs is operating in a severely under-funded field. The overall 2010 program development budget for the core funds and central management is \$11,078,894, including estimated salaries. The overall 2010 grantmaking budget for the core funds is \$54,056,334. Additional detail is available in the budget binders that were supplied to each Board member during the summer.

Board advisors then presented their comments and other Board members added questions and comments about the specific budget submissions for each of the core funds: U.S. Programs’ Equality and Opportunity Fund (EOF), Criminal Justice Fund (CJF), Democracy and Power Fund (DPF), Transparency and Integrity Fund (TIF), Strategic Opportunities Fund (SOF), OSI-Baltimore. The discussion of U.S. Programs’ core funds included: endorsement of EOF’s focus on the most marginalized communities within the LGBTQ and women’s communities; the importance of bringing grantees from different communities along toward understanding of shared interests, while not forcing things, and avoiding the most perilous aspects of the asymmetrical power relationship between funders and grantees; the great contributions DPF is making toward building the public will (at local, state and federal levels) that is needed to advance OSI’s issues; the importance of prioritizing leadership for marginalized communities, which is itself an open society value; the need for a rapid response mechanism in the criminal justice field and what shape it might take; the challenges U.S. Programs Directors face with inherited portfolios of grantees, making hard choices and transitioning grantees with tie-off support; the importance of the SOF’s R&D function; the value of learning from OSI-Baltimore’s place-based “laboratory” approach and applying these lessons to other places where U.S. Programs is concentrating its funding.

George Soros observed that one thing that is common to U.S. Programs’ grantmaking is that advocacy is delegated to grantees. He agreed that citizen participation is an important aspect of open society, but cautioned that when funding advocacy the foundation needs to be aware that populist movements will not always promote open society points of view and that it is very important that OSI have confidence in the organizations and comfort with what is being advocated; this is something he relies on the Board to assess and guide. Mr. Soros also noted his view that the advocacy ought to be directed at solutions, which gives legitimacy to advocacy. Ms. Beeson explained that the processes of developing grant strategies and individual grant recommendations are extremely attentive to this: U.S. Programs staff, U.S. Programs Board Advisors, as well Mr. Neier and Ms. Beeson herself during the process of strategy development and grant reviews all test which organizations are most in alignment with OSI’s missions, goals and strategies.. Deepak Bhargava confirmed that this was just the role that Board advisors play in

developing, reviewing and advising on programmatic strategies. Several Board members noted their appreciation of the caution about advocacy that is not well-crafted to drive toward solutions.

The discussion then moved to U.S. Programs' special initiatives. Ms. Beeson noted that this part of the budget will fluctuate from year to year based on an assessment of opportunities and challenges. The overall budget for special initiatives will decrease from 2009 levels because spending by some special initiatives was frontloaded in 2009, leaving reduced balances available to spend in 2010, and because of a reduction in the budget for global warming grants. The overall grantmaking budget for special initiatives in 2010, as submitted over the summer, is \$50,768,789. With changes to the global warming budget, the current number is \$38,768,789. Some of the special initiatives have program development budgets; those budgets total \$2,519,985 for 2010. The special initiatives budget includes the Seize the Day Initiative, assistance for grantees in challenging economic times, Campaign for Black Male Achievement, Immigration Innovation, the National Security and Human Rights Campaign, and the Neighborhood Stabilization Initiative. There are a few other special initiatives budgets that are still in development, and we are not seeking Board recommendations on those items at this time: Drug Policy Reform, Closing the Addiction Treatment Gap, Special Arts Fund, the Crisis in Journalism. There are placeholder amounts for these items in the budget, pending input from outside advisors and further internal review.

Board Advisors then presented comments and other Board members added questions and comments about the specific budget submissions for each of the special initiatives, including: a recommendation of increased focus on the social safety net in the Seize the Day Initiative for 2010; using what has been learned from the Neighborhood Stabilization effort in NYC and through a grant to Living Cities to inform national strategies that can translate into structural and policy change; widely shared concern about the crisis in the journalism and the loss of newspapers and coverage that is most needed in these times and for open society to operate; support for OSI's efforts to work with grantees to understand what they need in these challenging economic times; the need for continued attention to the issues at the heart of the National Security and Human Rights Campaign, given disappointing positions of the Obama administration; the tremendous opportunities for collaboration within U.S. Programs offered by the Campaign for Black Male Achievement, Seize the Day and the Immigration Innovation fund.

The Special Fund for Policy Alleviation (SFPA) arose as part of the discussion of U.S. Programs' budget. Mr. Soros noted that the SFPA was initially meant to be a one-time, humanitarian response to the economic crisis, but that things were shifting and over the last several months it had become clear to him that it ought to be integrated with U.S. Program's programmatic and policy objectives, with the U.S. Programs Board taking more active possession of it. Mr. Canada, who is an advisor to the SFPA, agreed and noted the opportunities offered by using SFPA to work collaboratively with the Campaign for Black Male Achievement. Mr. Bhargava made a similar comment in relation to the need to explore protecting and repairing the social safety net and that there were good opportunities for collaboration with the Seize the Day Initiative. Ms. Beeson

responded that discussions were already underway about collaboration between SFPA and U.S. Programs.

At the conclusion of the budget discussion, Ms. Beeson asked whether the Board recommended approval of the U.S. Programs budget. A motion to recommend approval of the 2010 budget for U.S. programs was offered and seconded, and the Board voted unanimously to recommend approval of the proposed 2010 U.S. Programs budget. Aryeh Neier abstained, noting his involvement in OSI management's review of the budget and expressing thanks to the Board for their input and recommendation. George Soros was not present for the vote.

The next order of business was consideration of a grant to the Harlem Children's Zone (HCZ). Shawn Dove, a member of the Equality and Opportunity Fund team and the Campaign Manager of the Campaign for Black Male Achievement, briefed the Board on the recommended grant of \$4,000,000 over 4 years, which had been described in greater detail in a written grant recommendation that was circulated to the Board in advance of the Board meeting. Aryeh Neier noted that the idea of making the grant had been initiated by George Soros. Geoffrey Canada is the founder and Executive Director of HCZ, and as such he recused himself from consideration of the grant. The Board, minus Mr. Canada and George Soros (who was not present for the vote), voted to recommend approval of the grant.

Next, the Board considered a two-year, \$2 million renewal grant to the Center for New York City Neighborhoods (CNYCN), presented by Herbert Sturz and Solomon Greene. The Board had received a written grant recommendation in their Board books. Mr. Sturz noted that CNYCN represented OSI's initial foray in response to the sub-prime mortgage crisis and that the new foreclosure prevention organization has attracted 30 partners into its network and leveraged \$10 million in public and private contributions. CNYCN provides on-the-ground information and a model that is now part of OSI's national Neighborhood Stabilization Initiative. The Board approved a two-year \$2 million grant to CNYCN. (George Soros was not present for the vote.)

The Board meeting adjourned for the day after the discussion of the CNYCN grant and began again on the morning of October 1, 2009, with an executive session. After the executive session, the open Board meeting resumed with an exploration of how to dismantle the "school-to-prison pipeline." Board members Geoffrey Canada and Bryan Stevenson led the session, which explored the forces that have created and reinforced the school-to-prison pipeline, focusing on the impact of zero-tolerance policies in schools, the over-reliance on the criminal and juvenile justice system to address youth behavior, and the negative influence of the No Child Left Behind Act (NCLB). These forces have their fullest expression and worst consequences for boys in schools and communities that serve poor children and children of color.

In a two-part discussion, U.S. Programs staff described grantmaking to date in this area and sought input on future grantmaking from invited guests and the Board. Staff presenters were Shawn Dove, Campaign for Black Male Achievement; Leonard Noisette, Criminal Justice Fund; Jane Sundius, OSI-Baltimore Education and Youth Development

Program. The guests were Dr. Margaret Beale Spencer, Department of Comparative Human Development, University of Chicago; Judge Steven Teske, Juvenile Court of Clayton County, GA; Albert Sykes, Young People's Project, Jackson, Mississippi. The staff, guests and Board dissected the problem and made suggestions of promising policy and advocacy levers to dismantle the pipeline.

A number of suggestions for further exploration by U.S. Programs staff were discussed, including addressing the weaknesses of No Child Left Behind and the testing regime it spawned that created a perverse incentive to push weak students out of school instead of addressing their educational and other needs; bringing promising models of intervention to the attention of local, state and federal policy makers; finding and implementing alternatives to suspension; removing police officers from school buildings and replacing them with school-based systems of mediation; using financial and other incentives to encourage students to stay in school; using communications and other tools to interrupt and rebuild cultural frameworks about black men and boys that are false, discriminatory, demeaning, counter-productive, and deeply rooted in American culture and policy at all levels; specialized teacher training; and working directly with the U.S. Secretary of Education.

George Soros and other Board members said they were very excited by the concrete suggestions that were discussed, particularly as it built on the Board's site visits in Baltimore in 2008. Ann Beeson concluded the conversation by noting that the issue cuts across many of U.S. Programs' program areas and that the Board discussion had offered very valuable input for work that is underway in U.S. Programs.

The U.S. Programs Board meeting then adjourned.

Dated as of November 23, 2009

Ricardo A. Castro
General Counsel and Secretary