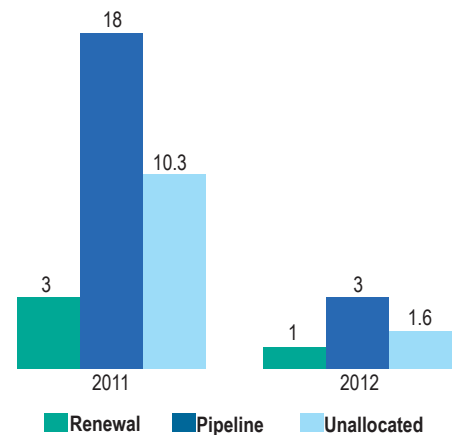
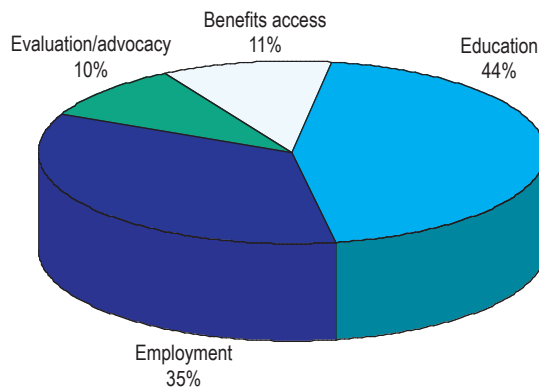
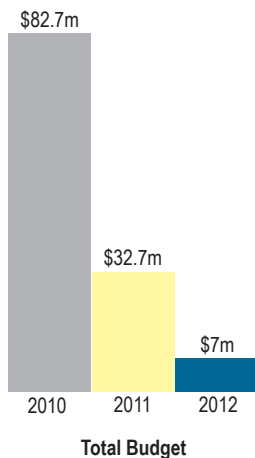


Special Fund for Poverty Alleviation

The Special Fund for Poverty Alleviation focuses on three key programmatic areas: benefits access, education, and work. SFPA aims to demonstrate how systems and funding streams can be restructured to more equitably serve America’s most vulnerable populations: disconnected youth ages 12 to 24, those involved with the criminal justice system, low-income individuals, communities of color, and immigrants. SFPA is time-limited, and its investments are catalytic in nature. Its strategy is to make short-term, system-altering investments through national program intermediaries, cities, states, and the federal government that work to alleviate poverty at scale and are sustained through policy change or system reform. SFPA’s investments seek to reform components of the public safety net, education, and employment delivery systems so that they are more accessible, responsive, and effective.

Goals	2010	2011	2012
Improve access to benefits Increase access to the social safety net by improving distribution outlets and streamlining state policies and procedures so that individuals gain greater stability in their lives.	\$11.2	\$4	\$0
Broaden educational opportunities Increase opportunities for disconnected youth and dislocated workers to earn credentials with labor-market value to improve their life chances and long-term employment outcomes.	\$23.1	\$14	\$2.5
Expand access to employment Increase the likelihood that low-skilled, low-wage workers gain literacy and math skills needed to access training that leads to better jobs and get connected and stay connected to the labor force through subsidized and supported employment strategies.	\$19.2	\$11	\$1.5
Support evaluation, advocacy, and communications Prioritize investments that contribute to a body of evidence that will influence policy change. Support advocacy and communications based on data and evidence to create systemic change.	\$1.7	\$2.3	\$1.6
Chairman’s Grants and humanitarian relief	\$26	\$0	\$0
	Grantmaking: \$81.2	\$31.3	\$5.6
	Program Development: \$1.5	\$1.4	\$1.4
	Total Budget: \$82.7	\$32.7	\$7



Special Fund for Poverty Alleviation in Context: 2010-2012

The External Climate for Reform

The Great Recession, at it has come to be called, is the largest economic downturn our nation has faced since the Great Depression. The economy has shed nearly 8.4 million jobs. Well before the recession hit, almost 40 million Americans were deemed “poor.” All economic predictions point to a recovery that will be slow and have lasting, life-long impacts on our nation. Philanthropy has a unique role to play in acting as a catalytic force with organizations and governments at all levels – local, state, and national – to help weave together and sustain a true safety net for those most affected by our economic crisis. In crafting a response to the recession, George Soros and the Open Society Institute initiated the Special Fund for Poverty Alleviation in 2009 as a catalytic fund that would spark innovative investments to address the effects of the global crisis. SFPA provides significant resources, but for a limited time, completing its investments by the end of 2012.

Supporting the Field

The reality of the Great Recession has presented a challenging environment in which to invest in direct services. Foundations’ dwindling endowments and government downsizing have translated into major budget cuts for non-profit organizations and service providers. In the face of these cutbacks, philanthropy has stepped up to meet SFPA’s challenge grants and 1:1 match requirements, and SFPA has found that the initial obstacle of less resources in a time of great need has translated into a greater willingness to partner, innovate, and focus on what works for the most disadvantaged populations. Additionally, the short-term nature of SFPA reinforced the need to significantly tap other expertise and resources. Specifically, SFPA is working to leverage the capacity of other institutions as grantees and partners, leverage existing leadership and infrastructure in states and cities, and co-invest with the federal government to influence national policy and system reform. To move swiftly and so as to not re-create the wheel, the Fund’s leadership has leveraged staffing of other foundations and issue experts to help implement a coherent strategy and build off of expertise and ongoing investments in the field of poverty alleviation.

Collaborating with Other U.S. Programs

Together with existing U.S. Programs investments, SFPA can help support individuals through the economic crisis and simultaneously address the structural barriers that particular communities face when trying to access the social safety net, jobs, and educational opportunities in this country. Specifically, SFPA is working with the Campaign for Black Male Achievement and the Criminal Justice Fund to maximize the impact workforce development and education direct service investments have for young black males and the formerly incarcerated. In addition to direct service investments, SFPA is conducting rigorous evaluation and documentation. Through SFPA, OSI has the opportunity to demonstrate how individual needs can be met and how systems and funding streams can be re-structured to more equitably serve our most vulnerable populations. This creates a unique opportunity for the Open Society Institute to institutionalize these demonstrations through U.S. Programs’ advocacy – based on evidence of what works – to create systemic change.

Poverty Alleviation and Open Society

The vision for SFPA is to be a catalytic force at a time of great need by bringing together other private- and public-sector investments to demonstrate successful interventions for vulnerable populations and to help bring about needed policy change. It aligns with the overall mission of the Open Society Institute and the various other funds within U.S. Programs to work toward building a vibrant and tolerant democracy where government is accountable to its citizens while meeting the immediate needs of individuals during the Great Recession.

Variations from 2010 to 2011-12

In evaluating priorities for the 2011-12 budget, the U.S. Program Board decided in May that SFPA’s budget should be reduced significantly. Accordingly, SFPA’s budget has been adjusted from a total of \$250 million to a proposed \$190 million over four years (a decrease of nearly \$60 million for 2011-12).

Greater grantmaking in 2011 than 2012

To accommodate this reduction, SFPA proposes allocating the majority of funds in 2011, \$31 million, to have the maximum impact on individuals and on state systems and federal policies. SFPA proposes spending the remaining funds, \$5.6 million, in 2012 – the last year of SFPA – targeted toward completing evaluations of the programs SFPA has funded and investing in public policy and systems reform advocacy aimed at replicating and institutionalizing the most effective service models.

Increase investments in education and employment; decrease in funding for access to benefits

SFPA proposes to spend less on benefits access projects in 2011 and 2012 than on education and workforce development. The field of benefits access is much smaller than that of workforce development or education, thus the smaller investments will still have sizable influence. In addition, the 2009 and 2010 investments have already seeded benefits access work in states that will be well-rooted and producing results by 2011 and 2012.

<p>Goals</p>	<p>Lead Grantees*</p>	<p>2010 Accomplishments and Program-Development Activities</p>
<p>Improve access to benefits</p>	<ul style="list-style-type: none"> • Fair Food Network • Michigan Benefits Access Initiative • Food Research and Action Center • Urban Institute and Center on Budget and Policy Priorities • CHOICE Neighborhoods 	<ul style="list-style-type: none"> • Launched two key initiatives in Michigan: a benefits access program with other funders and state agencies to make state systems more efficient and tap new distribution networks, and an innovative food stamp matching program at farmers’ markets. • Developed multi-state initiatives to improve food stamp policies (and connect them to other benefits) and to design modernized public benefits delivery with streamlined state systems. <ul style="list-style-type: none"> • Strengthened key federal partnership to use public housing sites to provide a continuum of services (basic needs, education, employment, etc).
<p>Broaden educational opportunities</p>	<ul style="list-style-type: none"> • Gateway to College National Network • Social Innovation Fund • New Profit, Inc. • Edna McConnell Clark Foundation • MDRC • National Youth Employment Coalition • YouthBuild USA • North Carolina (Community College Partnership) • The Corps Network for the Civic Justice Corps 	<ul style="list-style-type: none"> • Leveraged federal support to replicate a model program (at six sites in at least two states) to help adjudicated youth obtain jobs and education, and launched a separate federal partnership focused on job-readiness and education for incarcerated people pre-release and disconnected youth. • Launched or expanded several direct-service programs to help disconnected youth pursue secondary and post-secondary education, including an initiative to connect community colleges to school districts (and serve 10,000 young people) and a program that helps youth complete their secondary education while performing community service. • Supported an innovative program (serving 6,000 youth) to determine whether basing scholarships on potential (rather than past achievement) can boost college completion rates.
<p>Expand access to employment</p>	<ul style="list-style-type: none"> • Center for Employment Opportunities • Center for Economic Opportunity • Social Innovation Fund • Earn and Learn Initiative (Michigan) • Green and Healthy Housing Initiative • Innovative Strategies for Investing in Self-Sufficiency 	<ul style="list-style-type: none"> • Launched replication program in eight urban centers nationwide to advance education, employment, and financial savings of low-income adults and families. • Supported innovative jobs programs to reach people most in need, including a Michigan program connecting formerly incarcerated people and others to subsidized jobs with built-in education and training programs, and a nationwide initiative hiring people who are unemployed, under-employed, or in prison reentry programs to perform “green” assessments of homes in low-income communities. • Forged federal partnership to identify workforce development models, assess them, and bring them to scale nationally.

**Some SFPA grantees are for grants that are in the pipeline for funding in 2010.*

Continuing Challenges

States are hampered with antiquated technology and burdensome business processes. They are facing unprecedented fiscal crises leading to staffing shortages and service reductions at the exact time that demand for these programs is hitting record levels. Individuals face language and other barriers to participating fully in safety-net programs for which they qualify and, sometimes, they choose not to participate due to stigma or fear of dealing with government officials.

High school dropout rates are alarmingly high. One in three students drops out each year. Youth who have left school have historically low employment rates and difficulties reconnecting to educational pathways, a trend further exacerbated by the economic recession. Two out of every three jobs now require a postsecondary degree, up from 28% in 2007, and the trend is projected to continue. Community college completion rates are extremely low. Entering students require remedial education and often exhaust financial aid and resources well before they complete their coursework.

Sixty percent of working-age adults lack the basic work and literacy skills employers require for entry-level positions. The shift toward service and knowledge industries is contributing to a widening "skills gap" between low-income, low-wage workers and employers' hiring needs. Unemployment is at a historic rate of just under 10%, and can be more than double that for low-skilled, low-wage workers. These individuals are now competing for entry level jobs with recently unemployed workers with higher skills and credentials. Over the last 30 years, public funding for workforce development has declined significantly.

2011-12 Forecast

Strategies

- Build community-based groups' capacity for outreach, screening, and application assistance efforts
- Help states streamline and modernize their technology systems and eligibility determination processes
- Innovate how benefits get used or "packaged" in support of greater outcomes for hard-to-reach populations
- Advocate for expanded eligibility and higher benefit levels for those in need – specifically immigrant families, those in non-traditional households, homeless youth and adults, formerly incarcerated people, etc.

Impact

- Significantly increased participation among eligible individuals who are not currently participating in social safety-net programs
- Policies, procedures, and regulations adopted in more states to make the public safety-net delivery system more accessible and responsive to people in need

- Increase opportunities for youth ages 12-24 who are disconnected from school or work to complete high school and post-secondary education
- Help create bridge-to-college strategies
- Leverage the national corps models to reconnect youth to education, through employment, using wrap-around educational supports
- Support opportunities for adults with limited education to connect to Adult Basic Education and earn credentials with labor-market value to improve their life chances and long-term employment outcomes

- Increased number of disconnected youth and low-skilled workers with access to education programs that position them for good jobs
- More youth in post-secondary education; financial aid streamlined for lower-income students
- Expanded number of programs to reconnect drop-outs by combining the opportunity to earn wages while going back to school
- Blueprint for policy change developed that demonstrates how to modify financing to support a system that can meet the diverse needs of the population it serves

- Invest in career pathways and sector-based initiatives focused on the needs of employers and workers
- Support models that use industry-recognized certificates and credentials
- Contextualize literacy, job readiness, and skills training within specific sectors to improve student persistence and completion
- Invest in benefits access efforts and transitional jobs that provide income to participants while they are in school or training
- Advocate for a more seamless workforce and training system for hard-to-employ populations

- More low-literacy, lower-skilled individuals (including ex-offenders, immigrants, and disconnected youth) with jobs and access to training that leads to better jobs
- Documentation and replication of successful program models that deliver better services, using blended funding to meet the particular needs of low-skilled, low-wage workers
- Increased public support and funding levels for these successful program models