

Minutes of the Meeting of the U.S. Programs Board

Open Society Foundations

September 27 and 28, 2012

A meeting of the U.S. Programs (“USP”) Board (the “Board”) of the Open Society Foundations (“OSF”) was held at the offices of OSI in New York, New York on September 27 and 28, 2012. There were present Board members Yochai Benkler, Deepak Bhargava, Leon Botstein, Geoffrey Canada, Steve Coll, Sherrilyn Ifill, George Soros, Andy Stern, Bryan Stevenson, and Chris Stone.

Attending portions of the meeting by invitation were Maija Arbolino, Maria Archuleta, Rosa Brooks, Maria Cattai (OSF Global Board member), Caroline Chambers, Mimi Corcoran, Shawn Dove, Rachel Hamalainen, Tom Hilbink, Erlin Ibreck, Laleh Ispahani, William Johnston, Raquiba LaBrie, Lisa Magarrell, Lori McGlinchey, Diana Morris, Kay Murray, Lenny Noisette, Wiktor Osiatynski (OSF Global Board member), Stewart J. Paperin, Eli Pariser, Tom Perriello, Nora Ranney, Stephen Rickard, Rashid Shabazz, Laura Silber, Herbert Sturz, Michael Vachon, Bill Vandenberg, George Vickers, and Kenneth H. Zimmerman. Guests invited to present were Lenore Anderson, Andrew Gillum, Bob Greenstein, and Janet Murguía.

Board Chair Sherrilyn Ifill opened the meeting and noted the attendance of Lisa Magarrell, USP’s new Campaign Manager for the National Security and Human Rights Campaign, and Ken Zimmerman, USP’s new Executive Director.

A motion to approve the minutes of the meeting of the Board of May 17 and 18, 2012 was duly made, seconded and unanimously approved.

In opening remarks, OSF President Chris Stone advised that USP’s reassessment of its strategic approach and the devising of its proposed 2013 budget from a blank slate and on a zero growth basis are forerunners to the new era in which the entire OSF network must henceforth work within its current expenditure and staffing levels.

Ms. Ifill explained that the strategy and budget proposals to be presented and discussed in this meeting are the culmination of an 18-month process of work in response to George Soros’s request that the Board assume more responsibility for USP’s strategic direction. This work entailed a thorough review of all USP’s programs and campaigns, some of which is ongoing. The Board convened work groups that focused on the following core areas: criminal justice; racial minorities and marginalized populations; strengthening the public sphere; and idea innovation/economic threats to key populations (*i.e.*, the marginalized and economically disadvantaged). In addition, the Board considered how to promote more robust communication strategies, how to convene campaigns that are nimble and effective in response to breaking open society issues and potential new work in specific cities/states.

After praising the work of Kenneth H. Zimmerman upon his arrival as Executive Director in July, Ms. Ifill described the process by which, with his leadership, the staff had begun to implement the changes to its programs and focus that the work groups had recommended. Staff had proposed initial budgets from a zero basis and USP’s budget committee (consisting of Ms. Ifill, Geoffrey Canada and Mr. Stone) had worked with staff to pare

down and refine the proposals. She explained that staff and the budget committee would continue working, with the assistance of Stewart J. Paperin and Maija Arbolino, to complete the final, approved 2013 budget in October.

Mr. Zimmerman gave an overview of the budget options for each program area and the staff recommendations for each, with the goal of receiving the Board's directional advice and approval.

He said the proposed budget, consistent with prior board decisions, eliminated the Democracy Fund and the Strategic Opportunities Fund. He noted that some of their work would be discontinued while some might be continued through USP's funding of multi-issue grantees. He also advised that he was examining the internal architecture of USP and intended to review with the Board the effectiveness of its form and function, and that other lines of work might change depending on the outcome of that review.

Mr. Zimmerman explained that the Board materials set forth the staff's high, intermediate, and low budget proposals within each program, with specific funding amounts proposed for each programmatic goal. The staff had started with the work group recommendations and had engaged in the task of translating their interests into budget recommendations. Each program director would explain to the Board that program's goals and funding recommendations based on the investments staff believe would best promote specific objectives. Thus, the staff recommendations would not correspond exactly to the low, intermediate or high level options. Mr. Zimmerman explained that a reserve fund was included for immediate, unforeseen opportunities and to invest in new ideas.

Lenny Noisette, Director of the Criminal Justice Fund, then set forth the Fund's budget recommendations. He advised that the Fund had sharpened its focus to the goals of reducing incarceration and challenging extreme punishment. The staff budget recommendation included an intermediate amount for its work to reduce mass incarceration; an intermediate amount for its work to challenge extreme punishment; and a lower amount for its work to promote justice system accountability. The Board discussed the import of the proposal and whether other areas of focus, including solitary confinement, public defense and the school-to-prison pipeline, deserved higher investments. The Board was advised that such areas were being studied, undertaken by other funders, or addressed by other funds or with resources other than grantmaking, and would not be abruptly dropped without due consideration.

Laleh Ispahani, Director of the Transparency Fund, presented recommendations for USP's public sphere work, including a lower tier of funding for support of accountability journalism and combatting money in politics, and an intermediate amount for its work on media policy and promoting open and effective government through the engagement of innovators at the municipal level and supporting transparency at the federal level. These recommendations reflect a shift in focus to support at the higher level access to the internet for all populations, free of corporate control. The staff also recommended the lower amount for work on money, politics and the courts, including a decrease in state court reform efforts. Although voter protection is of concern, she noted that a lot of funders are engaged in this effort and that the more egregious attempts to disenfranchise voters had been blocked by courts and lawmakers.

The Board discussed the recommendations and alternatives to funding for accountability journalism and expressed approval for support of open access to the internet. Mr. Soros said he believes that the rise of money in politics endangers our democracy and should preoccupy the Board.

Bill Vandenberg then moderated a panel discussion on the federal government budget, the looming "fiscal cliff" and their potential impact on the populations with which USP is most concerned. The panelists were Robert

Greenstein, founder and executive director of the Center on Budget and Policy Priorities; Janet Murguía, President and CEO of the National Council of La Raza (“NCLR”); and Andrew Gillum, a city commissioner in Tallahassee, Florida. Mr. Greenstein summarized the profound fiscal challenges that could arise in the coming year, including potential reductions in non-defense discretionary programs such as low-income housing, education and the social safety net. Ms. Murguía described NCLR’s work to create and expand opportunities for Latinos. Mr. Gillum described the effect of federal fiscal policy of recent years on communities facing cuts in community development block grants and decreased funding to primary service providers.

The Board then entered executive session, in which, inter alia, it voted unanimously to recommend to OSF’s trustees that Rosa Brooks and Eli Pariser be appointed to the USP Board.

Following the executive session, Raquiba LaBrie, director of the Equality and Opportunity Fund, introduced the proposed budget for USP’s work on race and marginalized populations. The staff recommended an intermediate amount for work to promote full inclusion of minority groups and to ensure economic and financial systems address minority needs, including neighborhood stabilization. It recommended the lower amount for its work to craft a 21st century racial narrative, for work on the school-to-prison pipeline and for immigration reform advocacy, which would focus on the aggressive enforcement of immigration laws and omit work on naturalization of eligible immigrants, and for data analysis and message-testing toward creating a new narrative about race. The Board discussed and raised questions about the staff’s recommended allocations.

Mr. Vandenberg then presented the proposed budget for USP’s work on economic equity. He said the budget for this work is modest at \$5.6 million, representing staff recommendations for the higher level of funding to promote fiscal fairness which would include acting as a hub for communications, field strategy, and research and analysis in coordination with other groups, and the lower amount for work on promoting quality employment for the most marginalized communities, or the “future of work.” Mr. Zimmerman noted that certain grant proposals relating to fiscal and immigration policy would come, if approved, from the reserve fund. The Board discussed whether these proposed investments might be too small to seize the moment given the stakes. Mr. Zimmerman explained that the proposal was devoted to informing ourselves about the field over the next eighteen months to two years in order to determine where to intervene and what gaps exist. He said the “quarterbacking” role embodied in the proposal is crucial but that the amount proposed might be insufficient.

On the second day, Mr. Stone described the complexity of the network of foundations that comprises OSF and the ways in which he, along with senior management and various design teams, are redesigning the architecture of the organization to enhance effective collaboration and better investments among all programs. He described the tools other than grantmaking the foundation has and must make greater use of internationally and domestically. The Board discussed the implications of these developments on the work and impact of USP.

Ms. Ifill introduced the discussion of budget presentations for the remaining USP campaigns, the review of which had not yet been completed by work groups. She explained that these presentations would serve as updates on ongoing strategy-setting and as a request for interim approval to continue at certain funding levels while transitioning.

Shawn Dove presented, and the Board discussed, the proposed budget for the Campaign for Black Male Achievement. Staff recommended an intermediate amount for its work on attaining educational equity; a higher amount for strengthening family structures; and a lower amount for strengthening the field. Mr. Zimmerman

added the CBMA budget includes the remaining payout of OSF's \$30 million commitment to the Young Men's Initiative for New York City, and that this grant demonstrates how focusing on local areas could make a national impact.

Mr. Noisette presented for Board discussion the proposed budget for the Campaign for a New Drug Policy, stating that staff had developed a steady budget that focuses on developing a health-based approach to drug policy. Staff recommended the lower amount for work on support for an alternative to the War on Drugs; an intermediate amount for work on comprehensive health care as an alternative to punitive policies; and a lower amount for work on community-level alternatives to punitive drug policies.

Mr. Zimmerman introduced Ms. Magarrell to discuss briefly the National Security and Human Rights Campaign, and described USP's budget commitment of \$4 million to OSI-Baltimore, stating that staff strongly recommended it should be sustained.

Mr. Zimmerman opened discussion of the proposed budget for City-State Initiatives and advised that the estimated budget is \$3 to 5 million with a staff recommendation for the lower end, and that staff would return with further information in December after additional strategy-setting had advanced. Diana Morris provided further information and recommendations. The Board made further recommendations as to the scope, commitment and clarity necessary to justify any such investment.

Mr. Zimmerman advised the Board of items in the proposed 2013 budget that had not yet been discussed: \$12.6 million for anchor partnerships with core grantees; \$600,000 for idea innovation; and \$14 million for the reserve fund. He summarized the conclusions and unresolved questions that resulted from each program's budget presentation and asked each Board member to contribute his or her thoughts. Ms. Ifill explained the budget committee and staff would note areas of consensus and open issues as it finalized the budget for trustee approval.

Mr. Stone provided context for this discussion: because the entire network must work within current funding levels, every dollar spent for USP would represent one dollar less for OSF's other work around the world.

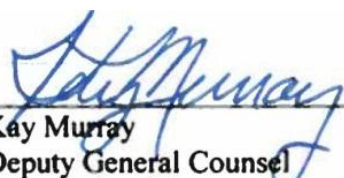
The Board then discussed the relative importance of funding the objectives of each program and campaign and agreed to further discuss the budget in executive session. Mr. Stone encouraged the Board and staff to look across the network and identify organizations and thinkers that may benefit OSF's work, even if they are not supported from USP's budget.

Lenore Anderson then presented the work of Californians for Safety and Justice, a grantee of both USP and OSP, to reform the corrections system in California.

The Board then entered executive session to discuss the budget proposal. It was decided that the 2013 USP budget would be \$100 million for its programmatic work and an additional \$25 million in the reserve fund.

Upon motion duly seconded and approved, the meeting was then adjourned.

Dated: As of December 10, 2012



Kay Murray
Deputy General Counsel