

Open Society Policy Center (OSPC) Budget Update

Memo to the OSPC Board, December 1, 2012

To: The OSPC Board
From: Stephen Rickard
Re: Overview of OSPC Operations for 2012 Board Meeting
Date: December 1, 2012

2012 was a transformational year for OSPC. We have significantly changed the way OSPC operates and we are already seeing very positive results. Many of these changes would not have occurred without the strong encouragement of the OSPC Board. Most certainly would not have been successful without the tremendous collaboration we have developed with Ken, Sherrilyn and the US Programs team. I'm also grateful for Mort's efforts during and after my sabbatical to work through many thorny OSPC issues and for Caroline's tremendous skill and hard work in developing effective initiatives and building our relationship with US Programs.

The Board materials include detailed papers on OSPC's domestic and international activities in 2012 and plans for 2013, along with budget details. So I will spend most of this memorandum discussing the ways in which OSPC changed how it operates in 2012 and how we will build on those encouraging developments in 2013.

Organizational Overview

Among the many exciting changes that have taken place in the way that OSPC operates are:

- Most importantly, we are – at long last – coordinating OSPC's c(4) work in a meaningful and effective way on domestic issues with our colleagues in US Programs. There is still plenty of room to improve. But we are light years ahead of where we were.
- We have implemented with enormous success the idea of increasing OSPC (c)(4) spending through offsetting decisions by US Programs to forgo equivalent amounts of (c)(3) spending. This required close collaboration among OSPC-enabled US Programs staff, Kay Murray and Maija Arbolino and her team. Using this procedure OSPC spent \$1.2 million beyond its formally approved budget this fall, supplementing that money with \$650,000 from its approved budget. The result was that working closely together we able to commit \$1.85 million to five grantees in two months -- something that would have been impossible without very effective collaboration between NY and DC and which, frankly, would have been unthinkable a year ago.
- We have created a Domestic Advisory Group which is already providing valuable advice to help insure that c(4) grants proposed to be offset by decreased c(3) spending are substantively sound and consistent with the strategic vision on which the c(3) domestic policy budget is based.

- We have a new approach to OSPC grant making which prioritizes (a) substantial efforts where OSPC commits the resources necessary to win rather than to not lose as badly, and (b) small project or event-related grants that help grantees capitalize on key moments or opportunities. Grants that fall in between these two categories are much less likely to be approved or presented to the Board in the future.
- We are doing a far better job integrating in our advocacy all of the many resources George Soros puts on the table rather than dealing with the Administration in silos. When we met with the White House last week the meeting included a very effective mix of issues on which OSPC's interests were strongly aligned with the Administration's and a number of issues on which we were pressing the Administration to do things it does not want to do.
- We have a dramatically improved grant making process that we are integrating with Foundation Connect and which addresses Chris's desire to have grant making programs examine the financial and managerial health of grantees as well as the substantive nature of their proposals.
- We filled a long-vacant senior position in DC with an outstanding advocate, Julie Fernandes, who will help us collaborate on a much wider range of domestic policy issues with US Programs.
- We have plans to expand OSPC's collaboration with other OSF programs by extending the financial arrangements we have modeled with US Programs. We will explore this possibility with both thematic and regional programs. We are already discussing the possibility of increasing OSPC's c(4) spending on legislation to mandate open access to federally-funded research with the Information Program. While OSPC must not become a rubber stamp or "pass through" entity for other programs, we have now developed a means to allow funding to flow through the most appropriate and effective vehicle and we want to extend this collaboration to other parts of the network.
- We are discussing with Michael Vachon additional areas in which George Soros's direct c(4) funding might instead be provided through OSPC. This would further advance the goal of putting all of George Soros's assets "on the table" so as to reinforce each other and would create a better means to fully vet proposals within OSF network. It would also help weigh those proposals against competing demands. Again, OSPC cannot merely be a rubber stamp or "pass through" organization. But George has provided direct funding in a number of areas in which there is -- or could be -- substantial expertise among OSPC-enabled staff.

Substantive Overview

OSPC, its grantees and partners had important successes in 2012. Top among them were increasing US funding for the Global Fund on HIV/AIDS, helping move the Convention on the Rights of Persons with Disabilities to the brink of ratification, helping defeat the Minnesota Voter ID ballot initiative, defending the Maryland Dream Act and helping bring into existence an extensive state-based network to participate in the federal fiscal equity fight. We learned last week that the early \$250,000 OSPC commitment to the Common Purpose Project fiscal equity campaign led to subsequent commitments of \$2.1 million from other donors.

OSPC is helping to build Republican support for criminal justice reform, pressing for full implementation of the Fair Sentencing Act and seeking to reduce the use of solitary confinement. OSPC also played a key role in drafting and gaining bipartisan support for legislation on international prison conditions, counterterrorism policy and the need for greater transparency and accountability for US military assistance all of which we will try to pass in 2013.

We were disappointed with developments on detention authority and at our inability to prevent House Republicans from restoring the ban on federal funding for needle exchange programs. We were also disappointed, of course, with the outcome of the California ballot initiative to abolish the death penalty. These and other substantive developments are discussed in detail in the Board materials.

Financial Overview

For the second year in a row OSPC spent its full budget and had to make hard choices between competing priorities. For 2013 we have proposed a budget of \$3,725,626 -- exactly equal to the 2012 budget due to the overall cap on OSF organizational funding. We would have proposed a substantial increase had that been permitted.

The budget includes \$2.2 million for grants and consultancies divided almost exactly 50/50 between domestic and international activities. We have accounted for the need to absorb increased staff costs within the existing OSPC budget.

In prior years we provided a more extensive list of proposed grantees and possible consultancies. Invariably many of these did not pan out or emergencies arose during the year that took precedence. While we specifically identified a small amount of the budget as being set aside for contingencies -- about \$100,000 each for domestic and international work -- the reality was that our ability to respond to emergencies and changed circumstances was much larger. However, having tentatively identified specific proposed grantees in constructing the OSPC budget meant that we needed to scramble during a crisis to convert potential contingency money into funds that could actually be provided.

This year we have tried to be more explicit about which grants and consultancies we think are highly likely to occur (generally renewals). Approaching the OSPC budget in this way gives us a much more realistic idea from the very beginning of the year how much flexibility we have to respond to emergencies. Essentially this year we have front-loaded this exercise. The result in broad terms is about \$500,000 of flexible funds each for domestic and international work. Naturally the DC staff has about \$4 worth of ideas about how we might spend that money for every \$1 of uncommitted money. We have nominally spread that money equally among all of the budget categories with the exception of Civil Liberties & National Security which already has nearly \$300,000 of renewals and which has been declining rather than growing as an area of OSPC's (and US Program's) funding

OSPC 2013 OVERVIEW BUDGET*

DOMESTIC	2012 Budget	2013 Proposed Budget	\$\$ Variance	% Variance	
Criminal Justice	419,914	275,908	(144,006)	-34%	* *
Good Governance (incl. Voting, Judges, Transparency)	181,608	189,908	8,300	5%	
Health, Education, & Welfare (incl. Federal Budget)	-	104,908	104,908	New	
Immigration	-	104,908	104,908	New	
Civil Liberties & National Security	481,608	289,908	(191,700)	-40%	* *
General Advocacy	-	120,908	120,908	New	
Total Domestic	1,083,130	1,086,447	3,317	0%	
INTERNATIONAL	2012 Budget	2013 Proposed Budget	\$\$ Variance	% Variance	
US Foreign Policy (incl. Foreign Aid, Human Rights)	337,094	142,000	(195,094)	-58%	* *
Global Issues (incl. Public Health, Transparency)	381,456	280,000	(101,456)	-27%	* *
Regional	430,043	396,000	(34,043)	-8%	
Multilateral (incl. Disability Rights)	-	192,000	192,000	New	
General Advocacy	-	107,000	107,000	New	
Total International	1,148,593	1,117,000	(31,593)	-3%	
OVERHEAD	2012 Budget	2013 Proposed Budget	\$\$ Variance	% Variance	
DC Overhead	253,710	255,610	1,900	1%	
Communications	5,000	5,000	-	0%	
NY Overhead	356,000	356,000	-	0%	
Total Overhead	614,710	616,610	1,900	0.3%	
NY/ DC PERSONNEL	2012 Budget	2013 Proposed Budget	\$\$ Variance	% Variance	
Total Personnel	879,193	905,569	26,376	3%	

SPENDING SUMMARY				
	2012 Budget	2013 Proposed Budget	\$\$ Variance	% Variance
Domestic	1,083,130	1,086,447	3,317	0%
International	1,148,593	1,117,000	(31,593)	-3%
Overhead	614,710	616,610	1,900	0%
NY/DC Personnel	879,193	905,569	26,376	3%
TOTAL	3,725,626	3,725,626	(0)	0%
Domestic and International	2,231,723	2,203,447	(28,276)	-1%
Overhead	614,710	616,610	1,900	0%
NY/DC Personnel	879,193	905,569	26,376	3%
TOTAL	3,725,626	3,725,626	(0)	0%

*Specific grants and consultancies identified and discussed in detail in the budget narratives

**The proposed reductions in these areas are primarily due to (1) aligning the new budgeted amounts more closely with the actual expenditures in these areas in 2012; (2) a decision to spread funds over a new, expanded set of categories; and (3) a strategic decision to expand the amount of money held in nominal contingency funds across a broader range of activities.