OPEN SOCIETY
FOUNDATIONS

U.S. Programs Redesign: Central Elements

To: **U.S. Programs Board**
From: **Ken Zimmerman, Director, U.S. Programs**
RE: **U.S. Programs Redesign and Key Elements**
Date: **December 10, 2012**

As U.S. Programs builds on the changes initiated by the Board's Working Group process and expanded in the 2013 U.S. Programs Budget, we have developed a new structure for our activities that we will begin to use in January 2013 and refine over the course of the year. At the upcoming board meeting, we have set aside time to discuss this structure, which we are describing as transitional even though it is framed so that it can be the basis for our organization over the long-term.

This memo is intended to focus upon several key elements that are reflected in this structure, at least in a preliminary fashion, but will be built upon over the course of 2013 so that the full potential of U.S. Programs may be realized over the longer term. After briefly describing several overarching elements that inform our thinking about the overall U.S. Programs redesign, this memo focuses on three new parts of our program: anchor and core institutions in conjunction with strategic initiatives, the expanded reserve/response fund, and our early thinking about a new "ideas, learning, and innovation" unit.

One final preliminary note: even as we move forward with these changes, several of which will ultimately be coordinated with broader transitions within OSF as a whole, we continue to play an active role in a broad array of key open society issues, ranging from comprehensive immigration reform to the engagement of marginalized youth in school. As we manage our organizational redesign, we are also committed to continue playing a significant role in advancing open society issues. We are, in other words, both building the plane and flying it.

I.   OVERARCHING CONSIDERATIONS

As we move forward, we are seeking to ensure that we recognize the different ways we make change in the world and how we improve our internal operations and culture to do so as effectively and efficiently as possible.

Regarding the different ways we make change in the world, it is worth reiterating several basic and productive tensions that we acknowledge and seek to ensure are addressed in our work:

- our emphasis on being nimble and responsive to opportunities as they arise with the desire to be strategic over a longer period consistent with the long-term context for our work;
- the recognition of the importance of particular places and local context while we seek national (and even international) impact consistent with the size and ambition of our organization; and
- that we seek new ideas and strategies, frequently as part of an effort to advance our own sense of how to make progress, while also embracing the significance of existing key institutions and a commitment to improving their ability to act in the world.

The three components described below are intended to help us become more nimble and opportunistic, to expand our orientation toward building the fields we believe of paramount importance to an open society, and integrate learning and innovation into our operations more fully.

I also want to note the importance we attach to increasing our ability to operate as effectively and efficiently as possible. These considerations inform our thinking about institutional redesign, even as they will also be advanced in a number of other ways. As we move forward, I expect that in U.S. Programs as in OSF as a whole, we will create an environment in which there is greater clarity about expectations and performance, an increased focus on how we assess and understand the impact of our work, and a more direct connection to the human resources we currently have and will have. As I have communicated to the staff, we intend to create a collaborative environment with an ongoing emphasis upon learning, an openness to new ideas and approaches, a shared commitment to excellence and concrete results, and accountability at all levels.

II.   ANCHOR/CORE INSTITUTIONS AND STRATEGIC INITIATIVES

One of the new units we will create as of January 2013 is tentatively called "Anchor Institutions and Strategic Initiatives." This component is intended to have two areas of focus: (1) to develop an approach to our grantmaking activities for the several multi-issue, large grantees which represent, in significant measure, OSF's most significant investments in multiple places and environments, and (2) to pursue select initiatives that require intensive, frequently time-limited, and sometimes specialized efforts which are not covered by the other funds, such as our economic equity work.

While the full dimensions of the unit will be refined in the coming months, it is worth noting how U.S. Programs staff have developed our approach to the grantees who are most significant in our work. We have concluded that it makes sense to use two categories: "anchor grantees" and "core grantees." The first involves the small number of organizations prioritized by U.S. Programs senior staff as central to our work, typically receiving at least $500,000 in annual support for several years and marked by a demonstrated track record of achievement and sound governance (e.g., sustainable funding, sound fiscal management, and leadership). We are interested in exploring how our relationship with these anchor grantees should be most effectively structured and managed, including the nature of the support we provide them and how they might be most engaged in helping further OSF's mission. We believe that it makes sense to approach these questions systematically, and this unit will take a lead role in developing this approach.

While "core grantees" may share many of the characteristics of "anchor institutions," they typically focus more narrowly in one field or issue area and often serve to advance an OSF-defined agenda in a particular fashion. We usually view core grantees as correlated to a specific subject-matter area in which we are active.

In the course of the 2013 budget process, we found this framework a useful jumping off point in how we might build out the most effective considerations for the different types of relationships we seek to have with grantees. Given the short-term budget necessities, we developed a proposed listing for 2013 of grantees in each category, ultimately identifying 10 organizations as "anchors" and winnowing the list of "cores" to 30. Recognizing that this process would be refined in the future, the Board Budget Committee approved the listing as part of its budget approval. For purposes of 2013, we concluded that it made sense to consider ways in which we might develop a common approach toward the anchor grantees in particular, and thus envision this new unit as charged with this responsibility.

Although the subject matter units will retain primary responsibility with the core grantees associated with their fields, we are also interested in examining the ways in which a new approach to anchor grantees might inform our support for, and analysis of, core grantees as well.

As we move forward, we will be exploring a number of issues, including:

- How best to define anchor and core grantees, and determine over time the ways in which organizations qualify/join/leave the various designations?
- For both OSF and grantees, what are the hallmarks of the designation and how might the designation advance U.S. Programs' goals and interests? For grantees, this could involve a presumption of general operating support and multi-year funding, and potentially U.S. Programs could use the evaluation process to identify means to enhance the organization's capacity. For OSF, the designations might correlate with more engaged relationships in strategic planning with board and staff, as well as participation in specific initiatives.
- The best protocol with anchor and core grantees to take advantage of the breadth of expertise they offer without reinforcing silos within U.S. Programs.

III.   RESERVE/RESPONSE FUND

A major component of U.S. Programs' 2013 budget involves the Reserve/Response Fund, which comprises $25 million, or one-fifth of U.S. Programs' overall budget.   Consistent with our ongoing emphasis upon increased nimbleness and ability to be opportunistic, the Fund will provide a vehicle for supporting a range of efforts that might include campaigns when opportunities arise (such as appears to be the case with immigration reform); longer-term projects which may inform, challenge, or expand new thinking about seemingly intractable problems, such as the fundamental changes in the nature of work or the role of government; and specialized initiatives that were unanticipated and do not fall within our traditional areas of emphasis.

For current purposes, we lay out here the proposed principles and means by which the Reserve/Response Fund will be handled in 2013, as well as some of the current and possible areas for which it may be accessed. We anticipate the key principles and process as follows:

- Purpose: The core purpose of the reserve fund is to allow U.S. Programs to respond to unanticipated developments that can advance or prevent the undermining of OSF's core goals and concerns. While special circumstances can always occur, generally it is expected to be used when (a) there is an urgent need for action (even though impact may only be recognized in time), (b) there exist prospects for significant change based on a reasonable assessment of risk factors, potential outcomes, and strategic challenges, and (c) intervention is important for a field with which U.S. Programs is concerned or on an issue germane to open society interests. We will seek to leverage our funds by engaging other funders, but will not shy away from taking action in the absence of funding partners where we deem OSF action to be critical and to have potential impact. [3]

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[3] Especially for new board members, we note two prior uses of similar funds in the past which reflect valued efforts: (1) the Temporary Protected Status authority granted by the U.S. government for Haitians displaced by the earthquake, which involved a complicated application process for a marginalized population deeply distrustful of government intent, and misinformation in the Haitian media. OSF supported media outreach to correct misinformation as well as support for increased coordination of legal services by immigration legal services providers on Temporary Protected Status, and (2) the 2011 elimination by Congress of $88 million in funding for the HUD Housing Counseling Program which resulted in no federal funding to support pre-purchase, reverse mortgage, and rental counseling, and dramatically reduced resources for foreclosure prevention services. OSF provided funding designed to leverage a 2-to-1 match from other philanthropic and corporate institutions to sustain local housing counseling organizations affiliated with national intermediaries and to build the advocacy capacity of local housing counseling groups to help restore federal funding and deepen relationships with financial institutions over the long-term. In 2012 $44million of funds were restored to the counseling program.

- Process: (a) Board members, OSF global and domestic staff should be able to propose grants (or raise ideas for funding that need to be explored) without having to do substantial amounts of work themselves, and the U.S. programs Director will oversee U.S. Programs staff to do the appropriate due diligence; (b) Assigned U.S. programs staff on proposed initiatives will consult with relevant board members that have particular expertise on the set of issues being considered, so that board members can review the grant purpose and have an opportunity to ask questions as well as provide overall feedback; (c) In addition to the normal process for U.S. programs grant approval, grants from the Reserve/Response Fund in excess of $100,000 shall also be approved by the Board Chair and/or Vice-Chair (or a small committee serving as their designees); and (d) at board meetings or as otherwise appropriate, the U.S. programs director will provide the board with a summary of Reserve/Response Fund projects, including updates on ideas that are being considered, grants that have been made, and activities that are in the pipeline.

Regarding expected and potential uses of the fund, the board budget committee approved two uses for these funds, and support for a third that we believe is likely in the future. They roughly total $5million of the $25million total, and involve special circumstances which justify calling on the Reserve/Response Fund. They are:

- California Criminal Justice Reform Campaign ($1million allocation): This initiative was initially funded under the 2012 board fund and the board committee believed it appropriate to continue to use some reserve funds as it transitions to programmatic support. In part, this will allow continued support of substantive reentry-related efforts and our state-level efforts to reduce mass incarceration beyond California, New York and Texas.
- Exit Grants ($2million allocation): Drawing on the U.S. programs experience with the JEHT Fund, and as a means of ensuring responsible exit from certain fields and relationships, the board budget committee authorized use of $2million from the Reserve/Response Fund to allow programs to supplement the limited funds they intend to use for this purpose.
- Fiscal Fairness (potential $2.5million allocation): While the board discussion related to fiscal fairness (including advocacy pertaining to the "fiscal cliff" and the resources to be available to low-income and minority communities) suggested that a $5million investment in 2013 would be appropriate in light of the expected challenges and opportunities, the 2013 U.S. programs budget provides half that amount from programmatic funds. The board budget committee supported an additional $2.5million from the Reserve/Response Fund if (as we expect) circumstances warrant.

We fully anticipate additional opportunities will arise in the near and more distant future. These may include:
- Comprehensive immigration reform.
- Voting rights issues, such as those posed by the Supreme Court review of Section 5 of the Voting Rights Act (Shelby Co. v. Holder) and the National Voter Registration Act (Gonzalez v. Arizona).
- Implementation of recent Supreme Court decisions involving juveniles in the criminal justice system, such as those related to juvenile life without parole.

IV. IDEAS AND LEARNING

While U.S. programs will implement both of the above elements beginning in January 2013, this final area reflects a commitment to develop over the next six months a more refined proposal regarding how best to develop a strong culture of learning and idea scouting within U.S. Programs. As the Board is aware, the Open Society Thinking/Idea Innovation working group emphasized the importance of building an organizational culture within U.S. Programs that places priority on and facilitates idea innovation as an important part of the job for every member of the program staff, not just for a team of people working in a separate idea innovation lab or workshop. We have set out an organizational placeholder to allow us to consider how best to advance several goals: (1) to identify, disseminate, and test new ideas that may be unrelated to our subject matter expertise, (2) to further a learning environment and culture within U.S. programs, including by expanding our attention to what does and does not work in our efforts, and (3) to support other components with technical expertise, such as in data analysis, which may be of value throughout our program.

The challenge: program staff typically engages in identifying and supporting idea innovation within the core program areas. However, we have never tried to understand the range, quality, or distribution of current "idea scouting" activities, nor have we assessed potential mechanisms or institutional capacities that would enhance our ability to identify promising areas within broader long-term social changes, improve areas of practice, and replicate or refine existing successful approaches.[4]
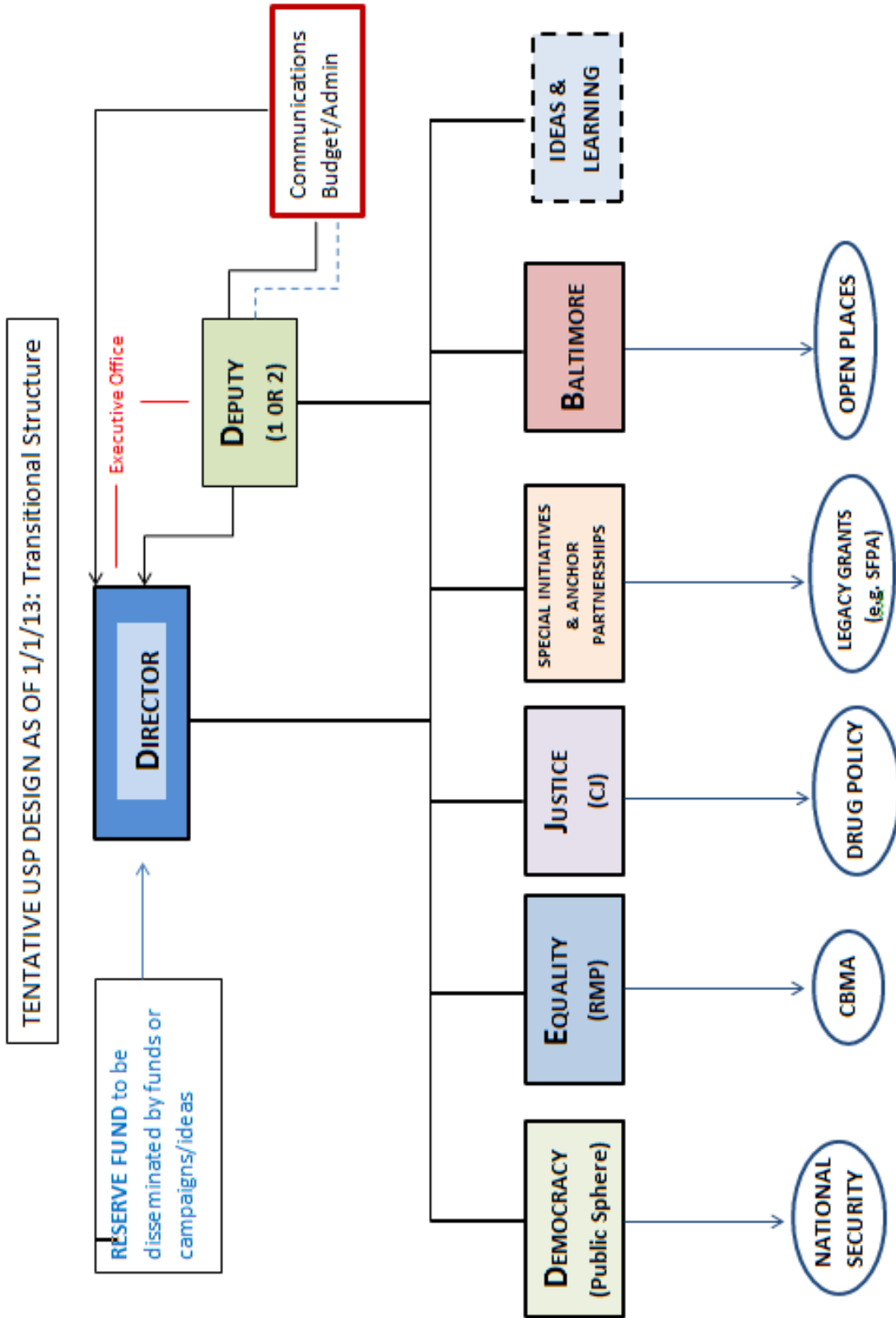
The plan: During the first quarter of 2013, a small team within U.S. programs, in consultation with OSF Human Resources and others, will explore how to create an organizational structure and learning culture that ensures program staff are equipped to think, communicate, and explore new ideas, to enhance our ability to reflect and learn from each other and our grantees in key areas of inquiry, and facilitate our ability to disseminate concepts from one sphere to others. In addition, we want to explore capacities, such as the ability to undertake data collection and analysis relevant to U.S. Programs activities that may enhance our overall capacity. Several initial areas we plan to explore are:

- **New Ideas Initiative: The Open Society Thinking/Idea Innovation Working Group** recommended that a new ideas initiative should provide a mechanism for U.S. Programs to engage with issues and ideas that do not fall into our main programs. To examine how we might identify and prioritize new issue areas and/or ideas, we will test one model for this approach under the umbrella of the Project on Work. This will involve structured economic, demographic and sociological research on dynamics related to the future of employment. This might include, for example, the impact of technology on how work will be structured, and the expected role and evolution of institutions that currently play a critical role in preparing and supporting low- income and minority workers (e.g., community colleges, the military). After initial consultation with the Institute for New Economic Thinking, we intend to partner with a small number of academic and think tank partners to undertake limited grantmaking, extensive field research, and convenings to shape potential U.S. Programs activities. Over the course of 2013, staff may develop a board/staff process to identify a topic for a 2014 structured inquiry.

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[4] Among the relevant questions are: How do program staff tap into new ideas and fresh thinking both in and beyond their focus areas, and how do they share and test that thinking within U.S. Programs? Do program staff have the flexibility and support to experiment, fail fast, and learn? How have individual members of the current U.S. P- senior management team balanced the need to focus on specific programmatic priorities, while promoting rigorous and wide ranging intellectual inquiry within the program areas they lead? How have they worked together to create culture of meaningful cross-program collaboration across U.S. Programs? How can we adapt successful practices within U.S. Programs to extend to OSF as a whole? If the culture is not already robust, do we know why? What are the past and current barriers and how do we dismantle them?

- **Anchor/Core Grantee Idea Innovation Retreat**: In 2013, we can explore new ways to engage with select anchor/core grantees as idea innovation partners. It may not make structural or programmatic sense to combine anchor/core grantees and idea innovation into one unit. However, the Ideas Initiative could develop operational activities to ensure greater intellectual engagement among core/anchor grantees, OSF staff, and board members. For example, staff associated with the Ideas Initiative could work with a broad group of U.S. programs staff to organize a two-day retreat that would bring core/anchor grantees together with OSF staff and board for a series of structured and unstructured conversations on a range of open society topics, perhaps organized around a specific theme. Such a meeting might also include several Baltimore Community, Soros Justice, and Open Society Fellows. This retreat might also involve OSF staff from outside of U.S. Programs, such as the Justice Initiative, the Information Program or the Documentary Photography Program.

- **Workshops, Seminars, and Visiting Fellows**, **including an experimental partnership with the OSF Fellowship Program**. During 2013, U.S. programs will examine several different methods of structured engagement with outside experts (and contrarians) who can help challenge and further our thinking in specific program areas, such as judicial professionalism or the development of a 21st century racial narrative. For example, these "visiting fellows" could lead workshops or seminars with staff and board members, stimulate conversations within the Foundations, perhaps through panel discussions and debates, prepare briefing papers, and otherwise serve as advisors to program staff. We are aware of potential downsides of this approach, including the reality that solid grantmaking should involve outreach to such persons. Among the options would be different levels of engagement with visiting fellows ranging from participations in a three-part seminar series to those who might have three to six months in residence at OSF, as Rosa Brooks did in 2006-07. The Open Society Fellowship Program has offered to partner with us as we experiment with various methods.

- **Prizes, Competitions, Challenges**: prizes are increasingly used by philanthropies to encourage innovation and achieve social benefits. A recent McKinsey study of prizes worth more than $100,000 suggests that the aggregate value of such large awards has more than tripled over the past decade, to $375 million. Moreover, the role of prizes is changing: nearly 80 percent of those announced since 1991 have been designed to provide incentives for specific innovations rather than to reward excellence in general. In early 2013, it would be useful for OSF to develop a greater understanding of the characteristics of effective prizes. In the early part of 2013, staff associated with the Ideas Initiative, possibly with help from an outside consultant, could investigate the possibility of creating a new OSF prize or open challenge, for example: "Innovations in Social Justice". In addition, open challenges and other competitive calls might allow us to gather ideas and proposals to stimulate discussion and awareness of a problem, and to build communities of interest around particular issues within U.S. Programs. We could experiment with small scale, quick turnaround open challenges, like the Knight News Challenge, as well as more intensive competitive calls, like the multi-phase Open Places Request for Proposals (RFP) we are about to launch. The Case, Joyce, Sloan, Knight, and Mozilla Foundations all have recent experience managing open challenges, and can help us understand the benefits and drawbacks of this approach, and the different structural possibilities.

Even as we recognize that program staff already serve to varying degrees as idea scouts, we must also recognize that program staff are by necessity focused on their specific program areas and do not have a lot of spare capacity for a demanding new ideas initiative. Thus, this examination will explore the advisability of a structural capacity to implement such measures, which could range from a dedicated staff member who is responsible for scouting new ideas from both outside and inside OSF to a team also involved with monitoring and evaluation. Similarly, we will examine how this might be built into board meetings, such as regular presentations like the one Yochai Benkler made in May on the Networked Public Sphere – something unexpected and outside of our regular modes of thinking. The goal is to ensure that we are regularly seeking out and bringing forward those emerging practices, ideas, and insights that are likely to upend the assumptions on which public policy and law are based, and open up new opportunities for social and political change.

TENTATIVE USP DESIGN AS OF 1/1/13: Transitional Structure

Communications
Budget/Admin

IDEAS &
LEARNING

Executive Office

DEPUTY
(1 OR 2)

DIRECTOR

RESERVE FUND to be
disseminated by funds or
campaigns/ideas

BALTIMORE

OPEN PLACES

SPECIAL INITIATIVES
& ANCHOR
PARTNERSHIPS

LEGACY GRANTS
(e.g. SFPA)

JUSTICE
(CJ)

DRUG POLICY

EQUALITY
(RMP)

CBMA

DEMOCRACY
(Public Sphere)

NATIONAL
SECURITY

CORE GRANTEES

$5,500,000 for 19 core grantees sought for 2013 budget.

11 core grantees do not require 2013 funds but will for 2014.

Total of 30 grantees listed for 2013 – 2014 core inclusion.

ORGANIZATION	RECOMMENDED 2013 AMOUNT	ORGANIZATION BUDGET
CRIMINAL JUSTICE		
Equal Justice Initiative	-	$2,629,000
Campaign for Youth Justice	$300,000	$1,295,000
Southern Center for Human Rights	$400,000	$1,940,000
Juvenile Law Center	-	$2,238,275
Council of State Governments	$250,000	$9,795,049
The Sentencing Project	-	$1,212,506
PUBLIC SPHERE		
National Public Radio	-	$173,730,000
Center for Investigative Reporting	$500,000	$5,200,000
New America Foundation	$500,000	$16,300,000
Lawyers Committee for Civil Rights Under Law	$400,000	$8,521,296
Demos	$200,000	$6,293,345
Justice at Stake	$500,000	$1,450,000
RACE & MARGINALIZED POPULATIONS		
Mexican American Legal Defense and Educational Fund	-	$7,700,000
NAACP LDF	-	$13,895,578
Center for Social Inclusion	$100,000	-
Opportunity Agenda	-	-
National Council of La Raza	$250,000	$42,962,664
CIVIC CORE		
Ballot Initiative Strategies Center Foundation	$100,000	$1,060,195
Faith in Public Life	-	$1,371,000
Young Elected Officials Network	$400,000	$1,850,974
Economic Policy Institute	$200,000	$7,200,000
League of Young Voters Education Fund	$250,000	$1,910,912
National Association of Latino Elected & Appointed Officials	$200,000	$8,250,273
State Voices	$450,000	$4,293,247
PICO National Network	-	$12,066,708
Color of Change	$300,000	-
NATIONAL SECURITY & HUMAN RIGHTS		
National Security Archive Fund	$200,000	-
Human Rights First	-	-
OTHER ORGANIZATIONS FOR FUTURE CORE CONSIDERATION		
PolicyLink	-	-
Native American Rights Fund	-	-
TOTAL	**$5,500,000**	

ANCHOR GRANTEES

10 organizations; 8 to be funded via USP's anchor/core budget for 2013 (ACLU is funded outside of USP and DPA is tracked elsewhere in USP's budget). All 8 are up in 2013 for $6,000,000 in recommended funding. Some potentially could be c4, depending on conversations with organizations.

ORGANIZATION	AVERAGE ANNUAL AMOUNT+	RECOMMENDED 2013 AMOUNT	ORG. BUDGET
American Civil Liberties Union	($1,000,000*)	-	$66,000,000
Advancement Project	$500,000	$500,000	$4,594,973
American Constitution Society for Law and Policy	$750,000	$750,000	$4,110,652
Brennan Center	$1,000,000	$1,000,000	$6,639,115
Center for American Progress	$500,000	$500,000	$31,166,028
Center for Community Change	$1,200,000	$1,000,000	$14,949,840
Center on Budget and Policy Priorities	$750,000	$1,000,000	$17,234,000
Drug Policy Alliance	($5,000,000)	-	$10,965,159
Leadership Conference on Civil and Human Rights**	$750,000	$750,000	$5,579,946
National Association for the Advancement of Colored People	$500,000	$500,000	$23,222,000
SUBTOTAL *(excluding ACLU and DPA)*	**$6,150,000**	**$6,000,000**	

+ Average over 3 years of funding. This amount represents general support grants only. On occasion, we have provided additional project support.

*Contingent

** C3: Leadership Conference Education Fund