

OPEN SOCIETY INSTITUTE–BALTIMORE

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SUMMARY

The Open Society Institute (OSI), a private operating and grantmaking foundation, works around the world to “shape public policy to promote democratic governance, human rights, and economic, legal, and social reform.” OSI began its United States programs in 1996 and in 1998 it selected Baltimore as its only U.S. “field office” or laboratory in which to develop and test strategies for addressing the economic, social, and political conditions that constrain opportunity for millions of people in urban centers across the country. OSI–Baltimore was launched as a five-year program, but was later extended for three more years, with an annual budget of about \$7 million. During these eight years, OSI took on some of Baltimore’s toughest social and economic challenges like drug addiction, poor student outcomes, and reintegration of ex-offenders into the community. Recognizing the impact that OSI was having and the significant return on the Foundation’s investment, George Soros offered to provide an additional \$10 million challenge if business and civic leaders, foundations, and generous individuals would invest \$20 million to continue the work in Baltimore. The momentum created by the Foundation’s work to date, coupled with a compelling unfinished agenda, convinced OSI–Baltimore’s board and staff to continue its work for at least another five years. As a result, the Foundation has mounted a \$20 million fundraising campaign to match the challenge presented by George Soros.

HOW AND WHY DID THE FOUNDATION EMBED ITSELF IN THIS PARTICULAR NEIGHBORHOOD?

Like many other cities in the 1990s, Baltimore was besieged on all fronts. The rising tide of the U.S. economy had done little to lower its jobless rate or increase family income. A huge gap existed between the skills that city residents had and the skills that city employers needed: one out of three residents did not even have a high-school degree. A powerful history of exclusion and limited opportunity among African-American residents contributed to despair and violence. Described by the mayor of Baltimore as “the crisis that is killing our city,” drug addiction afflicted about 60,000 of the city’s 650,000 residents, one of the highest rates in the country. Likewise, Baltimore’s crime rate was double the national average with 70 percent of the 80,000 people arrested testing positive for drugs. And its youth were struggling: almost one in three



children lived in families with incomes below the poverty line, and less than one in five scored at the satisfactory level on statewide tests.

While acknowledging its distress, George Soros also saw another side of the city, a “lively community of people with civic interests” and a valuable history of public-private cooperation. Disposed to work in partnership with other funders, OSI was further encouraged by the number of other foundations in Baltimore as well as a growing membership organization of funders (Association of Baltimore Area Grantmakers) that could provide an active forum for sharing information and developing collaborative strategies. These assets, combined with Baltimore’s moderate size and proximity to Washington, DC, and OSI’s national office in New York City, suggested that it was the right time and the right place for bold new efforts to raise public awareness about social problems and develop creative new solutions.

WHAT BELIEFS AND THEORIES OF CHANGE INFORM THE FOUNDATION’S WORK?

OSI–Baltimore’s board and staff began its work by assessing where OSI resources could be most strategically employed. They were guided by a core set of values and principles that informs both what the foundation has chosen to work on and how it does its work—a commitment to changing the way people think about marginalized groups, stimulating public debate and engagement, promoting fair and open access to opportunity, and helping systems work better for all citizens. OSI–Baltimore believed that its role was not to provide ready-made answers but, rather, to stimulate critical thinking through dialogue and debate, cross-fertilization of ideas, and deeper understanding of issues and solutions. Helping to develop new leaders and bring new voices into community decision-making, OSI–Baltimore aimed to empower people at all social levels to serve as change agents.

The premise behind the board’s deliberations was that if OSI applied its relatively modest resources in a strategic way to a limited number of program areas it could, within a limited period of time, stimulate significant social improvements including better public policies, systems and infrastructure for solving problems. OSI in Baltimore could draw on the larger Foundation’s national and international resources while developing deep knowledge about local context.

WHAT STRATEGIES HAS THE FOUNDATION USED?

Ultimately, the board decided to focus on five areas: drug addiction treatment, criminal justice, workforce and economic development, education and youth development, and community justice. OSI also launched a Community Fellowship program, stimulated the creation of the Baltimore Urban Debate League, convened educational forums, and hosted community-based

projects of national OSI programs. OSI pursued its work in these areas using four main philanthropic strategies:

- ❑ Improving policies, systems, and infrastructure rather than creating or funding direct services. The focus here is on the big picture of systems change, working closely with the public sector both from within and outside the system, broadening the pool of decision makers, and working across system boundaries. A key element of the approach is promoting the effective use of data both by supporting grantees' own collection, analysis, and use of data and by making research on good practices and policies widely available so people can make more rational decisions.
- ❑ Taking an activist approach to funding and stimulating social change. OSI staff have employed a range of strategies to carve out an activist niche in Baltimore: strategically convening people and organizations; shaping community discourse; educating and leveraging other funders; serving on numerous boards and advisory groups; providing informal advice; and fostering advocacy. A common theme is the desire to stir things up in a constructive but insistent way, taking risks on new ideas and creating opportunities and entry points for change.
- ❑ Nurturing programs, organizations, and collaborations that give disenfranchised populations a "voice." OSI-Baltimore invests primarily in organizations that focus on the needs of low-income and marginalized groups, working to help them build a solid financial base and effective partnerships. With deep knowledge in their fields and a "hands-on" orientation, Foundation staff often work closely with their grantees in areas of organizational development, program quality and sustainability.
- ❑ Fostering new leadership and civic engagement. OSI is attuned to both formal and informal opportunities to support individuals whose new ideas and talents can transform Baltimore. The Community Fellowship Program exemplifies this strategy in its demonstration of what individual social entrepreneurs can do to improve the conditions and expand the opportunities of marginalized residents and neighborhoods.

WHAT INTERNAL PRACTICES, STRUCTURES, AND POLICIES HAS THE FOUNDATION DEVELOPED TO SUPPORT THE WORK?

The staff role at OSI-Baltimore is not a traditional one. With long-term experience in Baltimore, each member of its small staff sits on a range of public and private policymaking boards and committees, and is involved in many informal networks. As board members, they aim to contribute their ideas and expertise in a constructive fashion while also serving as a watchdog for the interests of low-income and marginalized groups. This stance has generated sometimes-

grudging respect among policymakers. As one government official notes, OSI staff “represent both an opportunity and a threat. They are an opportunity because they are good people, highly informed, and they bring good ideas to the table. They are a threat because when they feel that we have not met our municipal responsibilities, they are very vocal about their criticism. So they are both the carrot and stick.” Many grantees place great value on the relationships they have with OSI–Baltimore staff, describing them as “intellectual partners” or “compatriots” in the effort to bring about social justice.

WHAT CHANGES IN THE COMMUNITY DOES THE FOUNDATION POINT TO AS SIGNIFICANT?

From 1998 through 2005, OSI–Baltimore spent over \$50 million and helped secure an additional \$225 million in public and private funds to build an open society in Baltimore. Strategic investment of both staff time and resources produced tangible results in each of the Foundation’s program areas.

OSI–Baltimore, for example, significantly strengthened and expanded Baltimore’s public drug treatment system. Advised by an OSI-convened national panel of drug treatment experts, the non-profit Baltimore Substance Abuse Systems (BSAS), which manages this system, doubled its capacity, now treating more than 23,000 individuals annually, and tripled its annual budget to more than \$60 million. This is the largest increase in drug treatment capacity of any U.S. city in the last 25 years. Expanding access to treatment so dramatically has in turn cut drug-related visits to Baltimore emergency rooms by 30 percent and reduced rates of HIV-infection, crime, and incarceration. OSI’s ability to leverage new resources and promote the adoption of key system changes depended on staff’s building relationships with key agencies, constituencies, and local and state governments, exposing local players to drug-treatment options used successfully elsewhere, and supporting advocacy to increase the public’s understanding of and support for treatment.

In a related area, OSI–Baltimore took a two-pronged strategy to breaking the destructive cycle of incarceration and recidivism by encouraging treatment rather than incarceration for non-violent drug offenders and reducing barriers that prevent prisoners from successfully returning to the community. In a city where more than one-half of all young African-American men are involved in the criminal justice system, staff worked to create a groundswell of public and private support for finding ways to reduce the social and economic costs of incarceration. As a result, more than \$20.3 million in public and private funds were leveraged to create new programs and policies focused on helping ex-prisoners find employment and become productive citizens following their release. Organizations like Goodwill and Catholic Charities that had not focused on clients

in the criminal justice system made ex-prisoners a key service constituency needing special attention. Further, OSI support for advocacy resulted in significant gains in such areas as parole reform and increased education and training.

Some of OSI–Baltimore’s most valuable impacts are less easily quantified. The 70 Fellows who have graduated from its Community Fellowship Program reinforce and extend the Foundation’s work in criminal justice, drug addiction, youth and social justice by testing innovative strategies in Baltimore’s most challenged neighborhoods. Through OSI capacity-building grants, local organizations and advocates have developed better staff capacity, more strategic programming, more accountable and responsive approaches to community members, and a stronger focus on sustainability. These changes have, in turn, helped to make the fields in which OSI works more organized, efficient, and robust. For example, OSI–Baltimore’s long-term support for the Public Justice Center transformed the organization’s capacity to carry out its system change agenda at the same time as helping to promote collaboration and achieve organizational efficiencies within the broader public-interest law community in Baltimore. Similarly, OSI–Baltimore helped support the evolution of the Job Opportunities Task Force from a volunteer effort to a sophisticated workforce intermediary with over 500 workforce development providers, human service organizations, advocacy groups, employers, and foundations in the Baltimore region. The Task Force has since become a vehicle for exchange and learning among people and organizations across fields, workforce-focused research and strategy development, and better coordination of private funding streams and unlocking of public ones to increase the skills, incomes, and economic opportunities of low-wage workers and the unemployed.

WHAT WERE THE BIGGEST CHALLENGES? HOW DID THE FOUNDATION CONFRONT THEM?

OSI’s experience in Baltimore underscores the long-term nature of the economic, social, and political conditions that erode justice and impede opportunity for many of the city’s residents. Equally important, however, has been OSI–Baltimore’s ability to act as a civic catalyst and local intermediary with a reach that is deep, wide, and powerful enough to effect demonstrable changes in these conditions within a relatively short amount of time. Although OSI–Baltimore has had considerable success in expanding both public and private resources devoted to addressing needs in its key areas of work, 2006 will be the first time that the Foundation is soliciting funds as part of an organized campaign. One internal challenge for the board and staff involves reviewing the implications of this new role to make sure that the Foundation’s internal structure, staffing and policies are aligned with its expanded agenda. A second challenge is to develop a new communications capacity so that Baltimore understands better what the Foundation has achieved and where it hopes to have continued impact. When so much of the

EMBEDDED PHILANTHROPY PROFILE

work involves facilitating, brokering, partnering and assigning credit for accomplishments to others, it is important that potential donors appreciate the Foundation's key role in making things happen. Further, the Foundation does not want to compete with local organizations for resources or be perceived as a gatekeeper with exclusive access to external funders. Finally, although OSI-Baltimore's campaign is off to a promising start, identifying substantial investors for the long haul will require significant time and effort.