

Stanford SOCIAL INNOVATION^{Review}

Bridgespan Supplement **Profiles of Big Bets**

Stanford Social Innovation Review
Spring 2019

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By identifying areas ripe for change within their organizations and pivoting where necessary, institutional foundations can not only deploy their funds more effectively, but also may be able to influence and partner with others even more productively, ultimately propelling much-needed social change efforts toward making the world a more just and prosperous place. ●

NOTES

- 1 Susan Wolf Dittkoff and Abe Grindle, "Audacious Philanthropy," *Harvard Business Review*, September-October 2017.
- 2 Using data from Foundation Center and Giving USA, this analysis compares the share change between 2014 and 1993 for the same 10 foundations that were the largest 10 in 1993. Data from 2014 were the most recent available at the time of analysis.
- 3 Ellie Buteau, Naomi Orensten, and Charis Loh, "The Future of Foundation Philanthropy: The CEO Perspective," *The Center for Effective Philanthropy*, December 2016.
- 4 Clara Miller, "Building a Foundation for the 21st Century," *Heron*, January 25, 2016.
- 5 Joel L. Fleishman, *Putting Wealth to Work: Philanthropy for Today or Investing for Tomorrow?*, New York: Public Affairs, 2017, 207.
- 6 Abigail Stevenson, Valerie Bockstette, Andria Seneviratne, Miya Cain, and Tracy Foster, "Being the Change: 12 Ways Foundations Are Transforming Themselves to Transform Their Impact," *FSG*, April 2018.
- 7 Melissa Berman, Dara Major, and Jason Franklin, "Frameworks for Private Foundations: A New Model for Impact," *Grantcraft* in partnership with Rockefeller Philanthropy Advisors, 2017.
- 8 Our analysis is based on a Foundation Center dataset of the 2014 grantmaking from the largest (based on total grantmaking) US foundations, excluding corporate foundations and donor-advised funds and including grants of \$10,000 or more. We used the Foundation Center's issue-area designations (e.g., climate change, elementary and secondary education, and reproductive health care) to enable comparison across foundations.
- 9 Ibid.
- 10 Ellie Buteau, Charis Loh, and Temitayo Ilegbusi, "Strengthening Grantees: Foundation and Nonprofit Perspectives," *Center for Effective Philanthropy*, 2018.
- 11 Based on a sample of 38 of the 50 largest foundations (by total grantmaking) that was selected based on availability of program staff information.
- 12 Miller, "Building a Foundation."
- 13 Based on a sample of 38 of the 50 largest foundations (by total grantmaking) that was selected based on availability of program staff information.
- 14 Alison Corwin, "Philanthropic Leadership Means Following the Frontlines," *Stanford Social Innovation Review*, October 10, 2018.
- 15 This analysis is based on review of the annual reports and websites of the 50 largest US foundations in the Foundation Center database for which we could find public information and issue-area level impact discussion (34 of 50 foundations).
- 16 Larry Kramer, "Adapting Our Philanthropy in Trying Times," *Hewlett Foundation*, January 19, 2018.
- 17 Susan Wolf Dittkoff, Alison Powell, and Kyle Gardner with Tom Tierney, "Four Pathways to Greater Giving," *The Bridgespan Group*, 2018.
- 18 Grantcraft has developed a series on Participatory Grantmaking: <http://www.grantcraft.org/content-series/participatory-grantmaking>.
- 19 Wolf Dittkoff, et al., "Four Pathways."
- 20 David Gelles, "Giving Away Billions as Fast as They Can," *The New York Times*, October 20, 2017.
- 21 "2018 Donor-Advised Fund Report," *National Philanthropic Trust*, <https://www.nptrust.org/reports/daf-report/>.

Profiles of Big Bets

These five examples of large investments demonstrate the enormous impact they can have on the world's most pressing problems.

\$211 Million to the Climate and Land Use Alliance

Climate change is among the most daunting social problems for philanthropists to address. The issue is global in scale, involves a very large number of stakeholders and regulatory environments, and must take into account the continually evolving scientific understanding of how to slow climate change and help communities and countries adapt to it. Even the biggest big bets from individual funders may seem insufficient to make a dent in the problem.

Since 2010, the Climate and Land Use Alliance's (CLUA) five main funders (Margaret A. Cargill Philanthropies, ClimateWorks Foundation, the Ford Foundation, the Gordon and Betty Moore Foundation, and The David & Lucile Packard Foundation) have committed more than a half a billion dollars to a set of common strategies, with \$211 million of that total coming in 2018. Outside of their CLUA work, these funders pursue climate action with different strategies. For example, one strategy focuses on indigenous rights and another on deforestation. But in CLUA, the funders are taking advantage of an opportunity to come together around a shared belief in land use as a climate change mitigation strategy.

Though the "natural technology" of forests is currently the only proven means of removing and storing atmospheric carbon dioxide at large scale, forests and lands receive only 3 percent of climate action funding, according to a 2018 statement from CLUA.¹ The Alliance supports work in three main locations (Central America, Brazil, and Indonesia) and focuses on engaging and building partnerships among governments, indigenous communities, corporate supply chains, and the general public to strengthen land use efforts. Among its results to date, CLUA has been able to convince some of the world's largest paper- and pulp-manufacturing companies to make zero-deforestation commitments. CLUA demonstrates how collaborative

philanthropy can bring together funders with different strategies but a common overall goal in order to focus large investments on a complex issue.

Big Bet to the Bail Project (total grant size not public)

With 655 people imprisoned for every 100,000 residents, the United States has the world's highest rate of incarceration. On any given day, nearly 500,000 people are in jail despite not having been convicted—merely because they cannot afford to pay bail (often only a few hundred dollars) as they await trial. The bail system ends up incarcerating low-income people almost exclusively, disproportionately affecting communities of color. Time spent in jail leads to lost jobs, lost custody of children, jeopardized immigration status, and risk of assault. On average, those who stay in jail are four times as likely to be sentenced to prison, and these sentences are three times longer than sentences for those released on bail.

The Bail Project is a national effort to disrupt the bail system, providing immediate support to tens of thousands of low-income people while reimagining a more just and equitable alternative. The organization grew out of the Bronx Freedom Fund, which experimented with a model of bail assistance that recycles philanthropic contributions in a revolving fund. The results are impressive: Under the Freedom Fund's program of court reminders and voluntary service referrals, 96 percent of clients returned for their court appearances, 50 percent of cases were dismissed, and less than 2 percent of those for whom bail was paid received a jail or prison sentence.

In 2017-2018, the Bail Project received a big bet from the Audacious Project, a collaborative approach to funding big ideas with the potential to create change at scale. The Bail Project plans to use the investment to build on its success in the Bronx and build an organization to support a national network

and pay bail for more than 100,000 individuals within its first five years. The organization also intends to demonstrate the viability of its model as an alternative to cash bail and spur broader reform of the pre-trial system toward eliminating discrimination based on financial means.

This gift demonstrates how philanthropy can leverage donor dollars for greater impact. When the legal process concludes for a given client, the funds used for bail are returned to the Bail Project. This means that money available for bail can cycle through up to three times each year without loss of the principal.

\$39 Million to Opportunity Insights

Social and economic mobility is vital to achieving the American dream. Yet, against a backdrop of rising income inequality, recent research focused on intergenerational mobility from the Harvard University economist Raj Chetty and his collaborators has shown that a child born into the bottom fifth of the income distribution today has less than a 10 percent chance of reaching the top fifth, while a child born into the top fifth is nearly five times as likely to do so.² Despite large inequalities in economic mobility by race and geography, their research has also identified bright spots where greater mobility exists.

In October of 2018, a group of donors—the Bill & Melinda Gates Foundation, Chan Zuckerberg Initiative (CZI), Bloomberg Philanthropies, and Overdeck Family Foundation—committed a total of \$39 million to Opportunity Insights, a new research and policy institute based at Harvard University and founded by Chetty along with colleagues Nathaniel Hendren of Harvard and John Friedman of Brown University. By identifying and highlighting successful examples of mobility and understanding how these findings might be applied elsewhere, Opportunity Insights seeks to turn research into policies that will address declining economic mobility across the United States and empower families to rise out of poverty.

In the words of Priscilla Chan, cofounder of CZI, “We want to take luck out of the equation so more children across the country are able to reach their full potential.” The Opportunity Insights gift is also one of the first from a recently announced \$158 million Gates Foundation initiative to promote economic mobility and access to opportunity—a commitment that dramatically extends the scope of the Gates Foundation’s domestic giving.

This collaborative grant suggests how funders with a shared interest in economic opportunity can come together to pursue this common goal.

\$27 Million to the Susan G. Komen African-American Health Equity Initiative

Breast cancer survivorship has increased dramatically in recent decades. Between 1989 and 2015, death rates in the United States declined by 39 percent.³ Yet women have not benefited equitably from advances in prevention and treatment. African-American women are about 40 percent more likely than white women and 60 percent more likely than Asian-American women to die from breast cancer. A complex set of factors is believed to contribute to this disparity, including less access to screening and treatment, later diagnosis, and higher rates of aggressive forms of the disease among African-American women.

In 2016, Fund II Foundation, led by Robert F. Smith, the founder, chairman, and CEO of Vista Equity Partners, committed \$27 million to the Susan G. Komen organization to create the African-American Health Equity Initiative. The effort aims to reduce the racial disparity in breast cancer mortality by 25 percent in five years across 10 metropolitan areas where late-stage diagnosis and mortality rates are highest for African-American women. To reach this goal, the organization will provide clinical exams, mammograms, diagnostic services, and financial assistance to individuals in need. Smith expressed his passion for reducing this disparity, saying, “No longer should African-American women be more likely to die from a breast cancer diagnosis than others.”

This gift demonstrates a strategic approach to pursuing health equity by focusing on a serious and specific gap in health outcomes and targeting communities with the largest disparities. If the initiative succeeds, it could become an important model for addressing health inequities.

\$50 Million to TheDream.US

Each year, 65,000 “dreamers,” students with Deferred Action for Childhood Arrivals (DACA) status, graduate from high school, but only 5 to 10 percent enroll in college. These young people have typically lived most of their lives in the United States but face greater

financial barriers to attending college than their peers who are US citizens. They have no access to federal aid such as Pell Grants and subsidized loans, and in many states must pay out-of-state tuition. Given that families with undocumented immigrant status have a median household income nearly 30 percent lower than the US population median, the cost of attending college threatens to put postsecondary education and the promise of economic mobility out of reach for many of these young people.

Sensing a role for private philanthropy, in 2015, Donald Graham, chairman of Graham Holdings Company (previously The Washington Post Company), and Bill Ackman, founder and CEO of Pershing Square Capital Management, joined forces to help lower the financial barrier to college attendance for youth with DACA status. They launched a campaign to fund scholarships for at least 5,000 recipients. Their total \$50 million contribution to TheDream.US over two years provides \$25,000 scholarships for students to work towards a bachelor’s degree at partner institutions. The partner schools must demonstrate a track record of serving low-income, first-generation students and commit to helping scholarship recipients graduate by providing an advisor. So far, almost 2,900 students are benefiting from these scholarships, with a first-to-second-year college retention rate of 94 percent—dramatically higher than the retention rate for low-income college students nationwide.

Graham and Ackman’s gift is an example of a big bet that provides direct service (college scholarships), combined with a clear strategy for success (partnering with institutions that could best support students to graduate). Their commitment was also designed to encourage contributions from others. Since 2015, other funders joining in have included Michael Bloomberg, Bill and Melinda Gates, Pierre and Pam Omidyar, and Priscilla Chan and Mark Zuckerberg. Most recently, in 2018 Jeff and MacKenzie Bezos committed \$33 million to TheDream.US, citing Mr. Bezos’ father’s journey as an immigrant from Cuba. ●

NOTES

- 1 “Fundors Stand Together in Support of Forests, Rights, and Lands for Climate: Joint Statement Supporting Forests, Rights, and Lands for Climate,” Climate and Land Use Alliance, <http://www.climateandlandusealliance.org/supporting-forests-rights-and-lands-for-climate/>.
- 2 Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez, “Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,” *The Quarterly Journal of Economics*, vol. 129, no. 4, 2014.
- 3 “Breast Cancer Facts & Figures 2017-2018,” American Cancer Society, <https://www.cancer.org/content/dam/cancer-org/research/cancer-facts-and-statistics/breast-cancer-facts-and-figures-2017-2018.pdf>.