

**TO: Endowment Board**  
**FROM: John Hoerster, Rima Alaily, Michelle Moersfelder, and Melinda Mann**  
**DATE: April 2, 2020**  
**RE: Path Forward**

---

In response to the unprecedented public health and economic crisis, we propose the attached plan for the Endowment's path forward. This memo is intended to provide context and a rationale for the plan.

**A. Goals of *Reach 20* Initiative (Adopted September 2016)**

In September 2016, the Board approved a *Reach 20* Initiative, with two goals:

**GOAL #1:**

The Endowment for Equal Justice's primary goal is to **reach \$20 million by the year 2020 by raising \$5 million in outright gifts and pledges from donors between January 2016 and December 2020**. These cash and pledge contributions, when coupled with cy pres awards and investment earnings [and realized bequests], will enable to the Endowment to distribute \$1 million annually for civil legal aid.

**GOAL #2:**

As part of the *Reach 20* Initiative, the Endowment will seek to **increase membership in the Justice Society from 20 to 100 members**. Members of the Justice Society make the ultimate statement of their values by including the Endowment in their estate plans.

**B. Status of *Reach 20* in January 2020**

When we met as a Board on the 22<sup>nd</sup> of January, just a little more than two months ago, Goal #1 (our "primary goal") was looking really good. Our assets under investment were \$18,015,470 as of 1/1/20, and this had grown to about \$18.3M by the 22<sup>nd</sup>. On January 1 we needed pledges and gifts of \$1.6M to reach \$5M, but by the 22<sup>nd</sup>, we were within \$600,000 of \$5M because of the wonderful pledge of \$500,000 by Kathy Surace-Smith and Brad Smith and because of LFW's \$500,000 match.

At the 1/22/20 meeting, we proposed and the Board unanimously decided to largely suspend normal Board activity until the May retreat to focus on jumpstarting successful completion of our *Reach 20* efforts. We also agreed to a longer term Board plan that envisioned our successfully completing *Reach 20* and then following a process to set our post-*Reach 20* future.

On January 29 we shared this information with the Endowment's Advisory Council, called upon their support for this almost exclusive focus on *Reach 20*, and noted that after successfully completing *Reach 20*, the Endowment Board would be thoroughly evaluating how to move forward post-*Reach 20* and that we would be seeking the Advisory Council's advice and counsel, including at the January 2021 Advisory Council meeting.

As a part of this focus on *Reach 20*, planning was well underway for several events, including a Women for Justice event March 26, a Palm Springs event March 27, a Jim Degel/Jeanne Berwick/Green Machine event April 23, a Brooks/Prinzing garden party May 9, an Olympia event hosted by Chief Justice Gerry Alexander June 3, a summer Bloom/Hamburger event, and another Voices for Justice concert in November. The K&L Gates gathering was about to happen, and there was talk about putting together similar events at other law firms this year. And, thought was being given to an initiative in which major Washington-based corporations (e.g., Microsoft and Amazon) would pledge gifts to *Reach 20* and support a coordinated effort to seek pledges from the law firms with offices in Washington State that do legal work for those corporations.

### C. Current Status of *Reach 20*

At the close of the market on March 31, our assets under management were \$15,120,589, a drop of over \$3.1M since the January Board meeting. Calling to mind the Myth of Sisyphus, on March 24 our corpus was almost exactly the same as when we launched *Reach 20* in September 2016. While we couldn't resist a reference to Greek mythology, this is an overly negative view of what we've accomplished in recent years. As we contemplate the weight of the boulder, we should remember our accomplishments, including the \$3.1M of funding the Endowment has distributed to LFW in support of legal aid since September 2016. Also, since the January Board meeting, we have received additional pledges and gifts of \$102,647, including \$67,000 at the Goldmark Luncheon. Thanks to the Smith pledge and LFW's matching fund, this brings us within \$497,353 of our \$5M *Reach 20* goal. Going forward, however, our event schedule is in limbo. The Women for Justice event has been tentatively moved to June 17. Palm Springs has been moved to March 14, 2021. The Degel/Berwick, Brooks/Prinzing, and Bloom/Hamburger events are on hold. The one 2020 event that seems on solid scheduling ground is a reprise of last year's Voices for Justice Concert, which is scheduled for November 12.

### D. Current Status of LFW and the State's Civil Legal Aid Providers

LFW's Board and staff provided a memo to its grantees on March 17, saying, in part:

**We want you to know that LFW remains committed to providing stable, reliable funding for grantees, with the primary goal of minimizing disruptions in client services.** The recent reduction in interest rates and economic activity will have an impact on our resources, but they are not unprecedented and we are prepared. Since the Great Recession, we have developed new revenue streams, investments, reserves, and fundraising strategies built to withstand another downturn. We are confident in our long-term financial health and ability to support your vital work.

Our understanding is that LFW's funding for grantees is secure through at least the end of 2021, but LFW's financial situation certainly is under pressure, including significant reductions in interest rates and hence in IOLTA funds, financial challenges facing the normal donors to the Campaign for Equal Justice, and the likely cancellation of the normal C4EJ events (including Beer & Justice gatherings) for much of this year.

It also is the case that the State's civil legal aid providers rely on their own fundraising events to generate needed revenue, and many of those events are being cancelled. Moreover, it is likely that the staffing needs of these organizations will increase due to an increase in the number and severity of legal needs facing low-income and vulnerable persons and communities as a result of the coronavirus.

#### **E. Current Status of Low-Income and Vulnerable Communities**

As a result of the impact and aftermath of the pandemic, there are going to be major new challenges facing low-income and vulnerable communities that charitable organizations will need to address; funding for these activities may well be more immediately critical than funding civil legal aid, important as that is. For example, an op-ed in the March 23 Seattle Times announced that 200 individuals "from all walks of life" had pledged over \$27M to organizations and programs that are equipped to deliver funds quickly to people in need. The op-ed called upon everyone to join them in this effort, and referred people to a published list of nonprofits and governmental programs that are deserving of support; because the focus is on responding to immediate need, the list includes no civil legal aid providers (at least for now), much less organizations that fund civil legal aid.

#### **F. Assessment of Current Situation and Implications for *Reach 20* and the Endowment**

1. For now, the focus of civil legal aid providers and those who fund them needs to be on addressing the immediate needs of low-income and vulnerable persons and communities that are negatively impacted in so many different ways by the pandemic.

2. New donors are unlikely to support *Reach 20* (or any other endowment) until circumstances begin to change later this year because of (a) the uncertainty about how severe and long lasting the coronavirus crisis will continue, (b) the extraordinary immediate needs related to the pandemic and what will follow in its wake, and (c) the current stock market situation, because (i) the corpus has shrunk so far, so fast that donors don't see a positive result from their pledges, (ii) the donors' own stock portfolios have declined dramatically, thereby making it more of a challenge for them to make gifts, and (iii) the currently highly volatile, wildly swinging market contributes to donor anxiety and uncertainty about what to do.

3. Existing *Reach 20* donors are more likely to continue supporting the Endowment this year, but we may see some attrition in pledges from those among our donors who face significant financial challenges. We also may encounter, and need to communicate effectively to prevent, attrition by donors who are okay financially, but wish to redeploy their resources to respond to immediate need.

4. *Reach 20* events should not be scheduled (or rescheduled) until we are confident that the events can be promoted at least 4-6 weeks in advance without there being significant risk that the event will need to be cancelled or postponed. In addition, if at all possible, it will be better to delay the scheduling of events than to shift to "virtual" events.

5. Because of the current crisis, some within the civil legal aid community are likely to challenge the value of an endowment as compared to using assets and donations to address current needs. To the extent possible, it would be good for the Endowment to act in ways that undercut this concern. There are three potential opportunities in this regard. First, it is possible that LFW will decide to undertake funding for a special response to coronavirus challenges. If this happens, the Boards of LFW, the Endowment, and the Campaign for Equal Justice should join forces in seeking this funding. Second, there will be circumstances with particular donors this year where blended solicitations are advisable in which the donors would be asked to support both C4EJ and the Endowment. Third, as proposed in the attached plan, we envision a reprised Voices for Justice Concert this November, co-hosted by the Endowment and C4EJ and with net proceeds being shared 50-50. This will be a tangible demonstration of our response to the current crisis and an opportunity to work closely with LFW, C4EJ, and civil legal aid providers to make this event as successful as possible.

6. Sadly, in the wake of this crisis, there will be tremendous need for both current funding and stable long-term funding of civil legal aid in the years to come. Legal problems are going to increase in number and severity, funding sources are going to be challenged, and the need for unrestricted legal aid in support of systemic change will be acute. Unrestricted programs like Columbia Legal Services will play a critical role in helping assure that public funding in the wake of the pandemic is deployed effectively, equitably, and with recognition of the extraordinary challenges faced by the most vulnerable.

7. The stock market is going to rebound over time, and it is important that *Reach 20* pledges be fulfilled and new pledges be obtained so that the Endowment can take advantage of this market rebound.

8. We have never acted as aggressively as we might in pursuing *Reach 20* Goal #2 of growing the Justice Society to 200 members, and the current circumstances may well justify a significantly greater emphasis on this goal. For example, donors who want to focus on immediate needs may well put planned giving into a different category and be supportive of naming the Endowment in their estate plans.

In light of this assessment of the current situation and its implications for *Reach 20* and the Endowment, we propose the plan that follows.

## **PROPOSED PLAN FOR THE ENDOWMENT'S PATH FORWARD**

**April 2, 2020**

The Endowment was established with the goal of being a sustainable source of revenue for legal aid organizations in times of funding crises by providing an annual distribution to the Legal Foundation of Washington (LFW). A funding crisis has unexpectedly arrived with the COVID-19 public health and economic crisis, which will dramatically affect traditional revenue sources for LFW such as IOLTA and state funding. While LFW is stable enough to fund its current partnership grants through 2021, this crisis has created a new, unexpected, and greater challenge to our State's legal aid providers and the low-income and vulnerable persons and communities they serve. Continuing to solicit support for the Endowment's *Reach 20* Initiative should be secondary for the next several months to ensuring the network remains robust, nimble, and able to respond to emerging needs now such as addressing unemployment and eviction issues. However, it will be important for the Endowment to maintain visibility and nurture relationships during this interim time so that when we are actively raising funds again, people feel connected to the Endowment and understand the important role we play in the legal aid network.

Accordingly, the Board adopts this plan for the Endowment's path forward in 2020 and 2021. We will --

1. Extend the *Reach 20* Initiative for an additional year, through December 2021. While we still hope to reach the \$5M mark in 2020, extending to 2021 gives us additional flexibility in meeting the goal and allows us to (a) complete events and strategies that are underway, but that need to be delayed, (b) push beyond the \$5M goal, (c) make progress on the \$20M part of Reach 20's Goal #1 (which is heavily influenced by the results of investing our corpus), and (d) focus on Goal #2 to increase Justice Society membership to 200.
2. Suspend active fundraising for *Reach 20* until November. (The last section of this plan details what the staff and Board members will do to engage with key stakeholders between now and November.)
3. Reactivate active *Reach 20* fundraising with a Voices of Justice Concert at Saint Mark's Cathedral on November 12. Invite C4EJ to co-host the event and, in support of current civil legal aid needs, share the net proceeds with C4EJ 50-50. (The staff will begin planning and building the program right away, with a wider save the date being sent out in the late Spring. Given the new focus on virtual events and a venue well suited for this, the event will be live streamed to help increase contributions, raise awareness of the Endowment, and hedge against ongoing COVID-19 challenges by being able to switch to a fully virtual Concert event if that proves necessary.)
4. Postpone other in-person Reach 20 events until 2021. (See Section C of the accompanying memo for a list of affected events.)
5. Communicate key elements of this plan as soon as possible with our key stakeholders (including the Advisory Council, the LFW and C4EJ Boards, civil legal aid providers, and important donors and prospects). Explain that we are stepping back for several months to make

space for, and help with, responding to the COVID-19 public health and economic crisis as it impacts LFW grantees and the clients they serve; and, after this pause, we will reengage, meet and exceed our *Reach 20* goals, and continue working to assure stable, sustainable funding for civil legal aid.

6. Between now and November, assure that the staff and Board members regularly engage with key stakeholders, including our *Reach 20* major donors and prospects. Continue quiet fundraising with donors and prospects, as and when appropriate, including blended C4EJ/Endowment asks when the assessment is that this will be the most effective approach under the circumstances. At the end of this plan is a more detailed description of what the staff and Board will do in support of *Reach 20* during this interim period.

7. Update the approach approved at the January Board meeting regarding Board functioning:

a. Return to normal Board operations for now rather than focusing exclusively on *Reach 20*. Reactivate 2019 committee members and chairs, and liaisons.

b. Change the May 20 retreat into a regular Board meeting; meet virtually from 2:00-3:30.

c. Meet on July 22 as currently scheduled. (See #8 below.)

d. Convert the September 30 Board meeting into our annual retreat; by then, we should be able to meet in person, preferably away from downtown Seattle. Use the retreat to (i) review the results of the Board's self-evaluation survey, (ii) discuss a 2020-2021 Board plan, including committees and task forces (goals, composition, chairs), liaisons, and officers, (iii) flag issues that might be on the table for post-*Reach 20* consideration, and (iv) of course, keep our eye on the *Reach 20* prize.

e. Hold our currently scheduled Board meetings on November 11 and December 16.

f. Get to and beyond our *Reach 20* goals during 2021 and then, beginning with a retreat in the Fall of 2021, undertake robust consideration of the Endowment's post-*Reach 20* future, with that consideration including input from (i) the Advisory Council (including at a January 2022 meeting), (ii) LFW's Board and staff, (iii) key civil legal aid providers, and (iv) donors and prospective donors.

8. Review this plan in early July and modify it if and as needed in light of changed circumstances, subject to Board approval at its July 22 meeting. (This is not intended to preclude the Board from modifying this plan at any time, if necessary.)

\*\*\*\*\*

This final section, which has been prepared by Melinda and Jessica and endorsed by the *Reach 20* Co-Chairs, elaborates on paragraph 6 regarding staff and Board actions in support of *Reach 20* between now and November.

**What the Endowment staff will do between now and November in support of *Reach 20*:**

- Implement regular communication with our *Reach 20* major donors and prospects (approx. 75) to keep them informed, inspired and connected to the legal aid community and how it is responding to current events.
  - Organize phone outreach from board members to our *Reach 20* donors to say thank you and we hope you are well: 3 calls per board member by April 15<sup>th</sup>
  - Letter signed by Campaign, Endowment, and LFW leadership thanking people, informing them, and inviting them to give. (This was done in March.)
  - Send invitations to any virtual events, webinars, or conference calls that may be of interest
  
- Design stewardship and educational opportunities/events for our donors and stakeholders
  - Virtual Town Hall with Executive Directors of legal aid organizations – mid to late April
  - Social media training for board followed by a social media fundraising/education campaign
  - Invite people to Carol Anderson presentation on Sunday 6/21 to hear about voter issues, and have gathering before with Endowment focus and to steward potential Montgomery trip attendees [Will know by end of April whether this will take place; looks unlikely.]
  
- Launch a “Leave a Legacy of Justice” effort to build the Justice Society. This is a perfect time to invite people to consider leaving the Endowment in their will or estate plan, either in addition to or in lieu of a cash gift or pledge. We have a wonderful list of donors who have indicated an interest in doing so and we also know who our prospects are (age 65+).
  
- Continue planning the Montgomery Trip taking place in the fall of 2020
  - Think about a virtual convening of this group in May and use the time between now and then to invite more people to participate. It’s a great touch whether people come or not and will provide HOPE and a look to the future in this time, as well as keep important prospects and donors in the fold.

**What Board members should do between now and November in support of *Reach 20*:**

You are our most important asset right now as people look for information on issues they care about and connections to others in the community. In your role as an Endowment board member, you can provide both of those things and help people understand the importance of legal aid. As a reminder, fundraising is 95% stewardship and 5% direct asking. This is a great time to really see that play out.

**Here's how we envision Board members using our online EQUAL JUSTICE tool kit which includes examples of how to stay in touch with your personal list of prospects:**

- a. Engage personal list of donors and prospects through:
  - i. **Email:** see examples of messages about legal aid which we will update regularly depending on changing needs
  - ii. **Phone calls:** we can provide scripts for a check in call with donors
  - iii. **Social Media:** we will provide sample posts for Linked In, Facebook and Twitter for those who use they tools. I encourage you all to sign up for Linked In if you don't already have an account.
  - iv. **Regular Mail:** this is the least used option these days but some of our donors still really appreciate it: however, now with social distancing and fear of infection, it may become moot.
- b. Send check-in messages – ask how people are doing? How has COVID-19 affected their world and family? (Staff will send draft emails ready to go.)
- c. Send information and resources -- we will provide information to share with donors to keep your networks engaged with LFW and the Endowment.
  - i. [Splainer video](#) – see our new online tool to educate people about Endowment. Before sending this out, we would love to hear your feedback on this new tool.
  - ii. [CLS Video](#) – emotional video about work of largest grantee and social justice issue dealing with youth.
  - iii. [Brad Smith Video](#) – shows leadership, stability from our region's most prominent CEO, it's a great endorsement of the work.
  - iv. ["Leave a Legacy of Justice" Tool Kit](#) – this is under development.
- d. Where appropriate, send soft asks, reminding people why the Endowment is so important in these times of uncertain funding, and ask people to consider giving to both C4EJ and the Endowment.