



CASBS ANNOUNCES NEW RELATIONSHIP WITH STANFORD

The Board of Trustees and I are happy to announce our new relationship with Stanford effective January 1, 2008. Proximity and a shared mission for the behavioral and social sciences and humanities have always meant a close, mutually beneficial relationship between these two institutions. Both institutions are now happy to formalize this relationship, and look forward to an exciting future dedicated to preserving the Center's core mission.

In describing the factors that went in to the Center's side of this decision, I usually begin with a fact familiar to many of you. Over the past decade or so the funding priorities of federal research agencies and private foundations have changed away from academic work and basic behavioral and social science research, and toward more applied, practical projects that can be held accountable to clear "deliverables." In contrast, work done on a CASBS fellowship is often basic research and scholarship and has always been open-ended in the sense that the Fellow can work on whatever he or she wants to with no "deliverable" due at the end of the year (our hopes for productivity notwithstanding). This model has worked dramatically well—fostering some of the most innovative and influential ideas and books in the history of the disciplines represented here.

Yet the changed funding environment has made it nearly impossible to fund either this kind of fellowship program, or the general operating costs of an institution like the Center. Funds for special projects, especially special projects focused on practical problems, remain available. The Center has consistently done well in obtaining these funds. We have also been fortunate to receive gifts and endowment funds from friends over the years, most notably, Flora and William Hewlett Foundation, the Andrew Mellon Foundation, and more recently the Annenberg Foundation. But funds for operating costs and our general fellowship program—the vast majority of Center fellowships over the years—have become exceedingly difficult to obtain.

As the Center's reserves dwindled, and as the staff and classes of Fellows got smaller to accommodate its fewer resources, the Center was faced with essentially two alternatives: It could open up more to practical, policy-focused special projects that would be more attractive to funders. To be financially effective, this alternative would likely supplant a good deal of the Center's traditional fellowship program. The other alternative was to transform the Center from an essentially grants-based institution into an endowment-based institution—that is, an institution with enough endowment pay-out to pay for the Center's operating costs and its general fellowship program. The Center's Board, wanting to preserve the nature of the Center's basic fellowship program, opted for the latter, launching a campaign to build our endowment.

Most happily, a group of foundations committed to the behavioral and social sciences and humanities stepped in to help the Center, not just with gifts for special projects, but with gifts for *endowment*—\$23 million in total. These were the Flora and William Hewlett Foundation, the Andrew Mellon Foundation, the Ford Foundation (who made the founding endowment gift for the Center), the Russell Sage Foundation, and the Spencer Foundation. This is extraordinary, heartening generosity and an inspiring testament to these institutions' continued commitment to the importance of the Center and the kind of opportunity it provides. There are, of course, heroes in this effort. The Center owes a great debt of gratitude to the presidents and boards of these foundations for affirming the vision of the Center. And it owes thanks to the Center's own Board of Trustees, as well as to the Center staff and officers who, in various ways, contributed importantly to this effort.

Still, indispensable and appreciated as these gifts are, several challenges to the sustainability of the Center remain. The first stems from the fact that the size of a fellowship class is an important factor in the CASBS experience. If a class gets too small (as a money-saving measure, for example) it becomes difficult to balance various aspects of a class: having a good range of disciplines represented yet having some critical mass in at least some; having a couple of special projects, while still having a good proportion of individual fellowships; having a good ratio of younger to older fellows, etc. The Center's traditional size of 42 to 48 fellows accommodates these concerns well. But achieving that size would require another \$20 million of endowment.

An equally important challenge is the security of the funds raised. If the market took a serious downturn, our newly acquired endowment—and the general fellowship program it supports—could be imperiled. And it would be difficult to return to those who have just helped us so generously to ask for more help.

Throughout the endowment campaign the Center has been in discussions with the Stanford leadership—President, John Hennessey, Provost, John Etchemendy, and Stanford CFO, Randy Livingston—about how the university might help the Center. As I noted, the two institutions have enjoyed a long relationship of mutual benefit. From these discussions a proposal eventually emerged: to maximize Stanford's help, the Center could be incorporated into the university. The proposal carried important advantages for the Center: \$10M in further endowment to complete the Center's endowment goal of \$33M; Stanford's management of the Center's investments (guaranteeing the same returns that Stanford itself gets which adds considerable security to the Center's finances); help from Stanford's Office of Development in raising further funds and inclusion in Stanford's current fund-raising campaign; and, by taking over various internal functions, saving the Center substantial operating costs.

Stanford's goal with these contributions is to preserve the strengths of the Center and to make it possible for the Center to become a sustainable, endowment-based institution. Within Stanford's structure it will be considered an "independent center" and will report to the Vice Provost and Dean for Research, Ann Arvin. Knowing the importance of independence to the Center's international reputation, Stanford has tried to preserve as much of its operational and programmatic independence as possible while still conforming to Stanford's policies and practices.

And this includes, it is important to stress, the Center's financial independence. The Center is a "tub on its own bottom." Beyond what Stanford is giving at the point of incorporation, the Center will have no access to Stanford's general fund in the future. Financial independence helps to maintain the Center's institutional independence. And the incorporation greatly improves the Center's chances for sustainability. But the responsibility for achieving that sustainability, and the endowment that will make it possible, rests with the CASBS community and friends.

The incorporation will be completed on January 1, 2008. Aside from a few administrative differences in operation, we expect very few changes down on the ground at the Center. Most importantly, we expect that the core CASBS fellowship experience will easily prosper for another 53 years and beyond.

Claude M. Steele, Director