Tuesday, October 24, 2019, SC1ATK8

PETER: Please continue to finish your meal, but we’re going to get started with the program because I don’t want to be accused of holding things up. Hope you will enjoy roads or you’re enjoying all the conversations you’re having and you continue to enjoy this wonderful conference. I’ve lost count of how many times I’ve come. It’s at least 12. But it’s a joy for us, the Simon Foundation, to work with the Philanthropy Roundtable on administering this prize. They took the ball and ran with it and we’ve just been doing it with them ever since.

We have one of our semiannual meetings for the Foundation always at this meeting. And our first gift up with funding the prize for next year which, of course, we did. I hope I’m not spoiling the surprise.

But we’re grateful to the selection committee of which we’ve had many members. But this year, especially, Frank Baxter, Heather Dill, who spoke this morning; and Adam. They’re here with us today. And thank you for your hard work and your thoughtful judgment in helping us as a family, as a board, is an invaluable asset. Our first four or five years we sort of just came up the names ourselves among our family, and we realized we needed to spread our wings a little bit, and that’s what we did.

Last but not least, I’d be remiss if I didn’t recognize Adam Meyerson, as he has done so well this morning. But if I can add my two cents, I do speak here and there, and many times on philanthropy. And he is my go to, always has been my go to guy. He’s always up to date on his facts. He always calls me back, and he’s just a delightful guy to work with. And he’s given me more help with more talks, and I’m really grateful. But I’m also grateful for the way he ran the organization. Everybody is topflight, they’re all pros. Many of them have gone to work for other charities because their quality is so high. Anyway, Adam, thank you for your thoughtful guidance on this prize all these years. Thank you to the whole Philanthropy Roundtable staff for all that you’ve done.

I’d like to take a moment to say a few words about my parents, Bill and Carol Simon. Mom and Dad came from modest backgrounds, growing up in New Jersey. Mom’s father warned her not to date my father, who was a little on the wild side. He said he will never make anything of himself. I think Dad took that as a challenge and with hard work and determination – and also three kids – he was a great success in business. He served as Secretary of the Treasury during the Nixon and Ford administrations, after a meteoric rise of Wall Street. And it was our ever patient mother who kept the seven of us kids in line, for the most part. And through her loving guidance helped both Dad and us kids reach of a lot of the potential we had. Dad was our nation’s first energy czar. He took the reins as President of United States Olympic Committee during the tumultuous time following the 1980 boycott. Remember, Jimmy Carter was president? And dad didn’t quite vote for Jimmy, by anyway. He said, you know, we’ve got to let our president call this, it’s his call, and that was it. And so we didn’t go to Russia, because it was in Russia. Anyway, then he became president of the U.S. Olympic Foundation and U.S. Olympic Committee in the 1984 games which were in Los Angeles. And they actually made and $200 million profit, which they split the city. They made that deal up front; the city took a
hundred in the U.S. Olympic Foundation took a hundred. And to this day, we manage that money. We help athletes with their expenses.

But with all these accomplishments, Dad’s family was his responsibility, he accepted it. And he was a very good steward of his wealth. He taught us all as children to be very mindful, to understand philanthropy, to be thoughtful about it. We founded the Foundation about five years before he died. Got him to agree to a mission statement and we’ve executed it for the last 20 years since he’s gone – or 19 years. And it’s been a real glue for our family and I recommend it to any people out here that are thinking of founding, either if you have a foundation, if your children aren’t involved, think about it. It’s been a real glue for all of us as siblings.

So the purpose of this ceremony is to solute ideals that Dad carried close to his heart. Effective philanthropy and helping people to help themselves. This year’s winner certainly reflects Dad’s ideals in philanthropy. Russ Carson is one of the founding partners of Welsh, Carson, Anderson & Stowe, one of the country’s largest private equity firms. Very successful and a real pioneer.

Russ is a donor who believes in leading with both his business acumen and his resources, but also his good judgment. Every organization that he’s told me about, he joins the board and somehow magically ends up as chair. And it’s not for any other reason than he’s a good leader. And leadership is so crucial to all these organizations to do well. But he is chairman of The Partnership for Inner-City Education. He’s co-chairman of the New York Genome Center. He’s chairman emeritus to the Rockefeller University and Columbia Business School. He’s a trustee emeritus at the Metropolitan Museum of Art and Dartmouth College, and currently serves on the boards of the New York Presbyterian Hospital System, the 911 Memorial and Museum, and the Coalition for Opportunity in Education. I’ve had the pleasure of working with Russ for many years on the Partnership for Inner-City Education and serving on panels, talking about Catholic education which is, to me and to Russ, it’s the best deal in town. But believe it or not, Catholic schools all over the country have empty seats. And they are in some cases half the price of the cost per student in the towns that they’re in. And yet, they still have empty seats because they’re usually in the poor neighborhoods, and the families have to fund at least some of it and they can’t do it.

So Russ and I have done this together and we’ve enjoyed ourselves. And he’s just a rare philanthropist who donates all of this, but best of all his judgment. So today will be the opportunity for us to learn more about Russ’s education giving, and also how he focuses on giving in his adopted hometown of New York City. Let’s learn a little bit more about Russ and his impact on his hometown in the short video. Roll it!

[Video not transcribed.]

PETER: To lead us in a conversation with Russ, we’re honored to be joined by Jim Perry, cofounder and managing director of Madison Dearborn Partners, a private equity firm in Chicago. He’s chairman of Empower Illinois and an active supporter of Catholic education. Please join me in welcoming Russ and Jim to the stage.
JIM: Well, that was pretty intimidating, I’ll tell you, as a younger guy but on my way to more philanthropy myself in my own career. And, so, congratulations and thank you for all you do.

RUSS: Thank you.

JIM: I’m told that your path this chair is an unlikely one. Apparently, you came out of college intending maybe to spend a career in the Midwest. You’re from Toledo, Ohio, went to Columbia Business School, went to New York figuring you’d never make a full life out of New York City. And then found a job at Citicorp which led you to the venture capital division there, and then that spurred you to move out and start your own firm in 1979, Welsh, Carson, Anderson & Stowe that Peter mentioned. Which really is and was at the time and is to this day a pioneering in independent private equity, having now raised over $27 billion and having created many, many companies, many small companies and very big companies and provided growth financing for growing companies. It’s a remarkable story that’s created tremendous value for your investors, for employers, for communities. And that of course was the seed capital for your new professional career in philanthropy. So maybe, it would be interesting to talk to you a little bit, or maybe talk to all of us about that transition. At what point did you determine that philanthropy would be an important of you and your family’s life? When did it happened? Was it abrupt? Did it take time for it to evolve?

RUSS: Sure. Let me give you a little background. Before I do that, let me also say I couldn’t be more honored to be the recipient of the William E. Simon Award. I remember Bill Simon from the days when he was treasury secretary. My family and I had the opportunity last night to have dinner with the Simon family. And congratulations to all of you. The Simon family is just a wonderful group of people. I couldn’t be more honored to getting an award named after your dad.

In my own case, my life has been a happy accident. I grew up in the Midwest. I was very fortunate. My parents were both well educated. I had three sisters and a brother. We had a very happy home life. I went to Dartmouth College. I didn’t particularly know what I was going to do after Dartmouth. The only thing I do was that at the time I was classified 1A in the military draft, so I was going to be taking a trip to Vietnam if I didn’t do something. So I went to business school and happily got to Columbia. Went from Columbia to Citicorp where I stayed 11 years. Then left that to start Welsh, Carson, Anderson & Stowe with two partners who remain among my best friends today.

When we started the firm, I think all three of us did it more for the intellectual challenge of doing it as opposed to any money we might have made out of it. But our expectations were relatively modest.

JIM: Your first fund was only $33 million. Think about it then.

RUSS: We set out to raise $15-20 million; we wound up raising $33 million which we thought was all the money in the world. The three of us all did it the right way. We quit our jobs. It took us six months to raise the money. We were unemployed. I had a wife and two small kids. That was a very exciting time. But it had a happy ending. We started a firm. We thought it would
probably take us ten years to invest the money and then we might raise second fund. We invested all the money in two years, raised a second fund and the business just kept spiraling. As of today, the fund has raised 17 institutionally funded partnerships with $27 billion of capital. I couldn’t sit here today and tell you I thought that was how it was all going to turn out. It was a very happy accident. A lot of fun along the way. But having grown up in the family I grew up in, my parents were both very concerned with the community in Toledo, Ohio where I grew up. I always felt that there was something more to life than just making money. And when I began to make money and making a whole lot more money than I ever expected to, I began to think seriously about what I was going to do with it. And it rapidly became obvious to me that the answer wasn’t to leave it all to my kids. There was more than enough to take of them, to take care of my wife, Judy and I.

JIM: She’s right there! Is that true?

RUSS: My kids disagree with that! But I decided to try to begin to get involved in some things in the community. And this sort of transpired over a period of time. I would say in my late forties, early fifties, I was asked sort of out of the blue to go on the board of the Metropolitan Museum. I didn’t really know anything about art, I didn’t collect art, but I thought this might be an interesting opportunity to do something, meet some people I wouldn’t know otherwise. In the same way, through serendipity, I was asked to go on the board of Rockefeller University which is, for those of you who don’t know it, it’s probably the world’s foremost biomedical research institution. I went on that board, and things just sort of evolved over time where I found they were a good outlet for my philanthropy. But more than that, I just kept getting more and more involved. And Jim and I talked yesterday, and I said there was no one point in time when I stopped working and spent all my time doing philanthropy. It was a glide path that really started, on rough terms it started at age 50. I’m 76 today. A year ago I gave up my office at the firm and set up -- or two years ago, I set up my own foundation and family office. But for me, it was just a very comfortable transition of trying to use the same skills that I developed in business to see if I could make some real difference.

JIM: I recently listened to a podcast. Tyler Cowen, the George Mason economist, had a slightly different take: Embraces philanthropy but says, he said, you know, the choice you have to make as a businessman, as an investor, is when to go into philanthropy in some ways, because there’s an alternative which is you just keep working, keep investing. If the rate of return is so good, you can pile up more at a point well into the future that may have more value then. I think that’s a different point of view, right, which is, let’s work, work, work like a working bee, and then leave your dollars for others to invest philanthropically at a later date. Does that resonate with you in any way or what’s your sort of --

RUSS: No, it really doesn’t. I think there’s sort of a natural evolution of things in life and each of us winds up doing the things we like to do. If you find something you like, you do more of it. If you find you don’t like something, you do less of it. I think like a lot of people by age 50, I had paid my dues and spent a lot of long nights in out of the way places doing things I probably would have preferred not to have been doing. And there was just a logical time in my life when it made sense to spend less time traveling, spend more time with my family, spend more time focused on New York City, which is my home. And it couldn’t have worked out better in terms
of the sequencing of everything. And the nice thing about being an owner of a firm or a founder is the fact you can create your own glide path. You’re not dependent upon somebody else to tell you that, gee, if you’re not working 40 hours a week, you’re not working.

JIM: And you can do what you live, which is the new love for you, presumably. And I imagine you found, too, that your skills, your perspective as an investor had some value in the philanthropic endeavors you undertook. Talk a little bit about that. What is it about being an investor that helps prepare you to be a philanthropist? And, by the way, there are 160 dots on that map, so the slide said. That’s a lot of opportunities to examine. Did you bring an investor’s sort of lens to philanthropy?

RUSS: Yeah, I’d say so. I think whatever success I had in the investment world was generally related to picking good people and good ideas. And our philanthropy has been really that. The great advantage I have as a philanthropist is the fact that it’s my money; it’s not anybody else’s money. I don’t have a fiduciary responsibility to anybody else. Therefore, I can do whatever I want to do. If I decide I like something, I do it. It’s very simple; there’s no process –

JIM: Well, we spoke about that yesterday. I asked Russ, how does serendipity play vs. premeditation in evaluation?

RUSS: I think the majority of life serendipity, as I think all of us in this room would agree. Things happen. Somebody comes in, they tell you an interesting story, It’s something you hadn’t thought about before but it’s really interesting and you do it. You make a choice to get involved philanthropically. You also make a choice as to what you want to get involved in with your time. And all of that just kind of evolves over time. As I think about it, I think part of this, which I never really considered myself somebody who had a lot of intellectual curiosity, but candidly I do think a lot of it is intellectual curiosity. It’s just I’m curious about things. I like to know about different things. One thing I always liked in the investment business was I like making investments so I could find out what would happen. One of the things you learn in the investment world early on is if you don’t make the investment, you’ll never know whether it would have worked or not. I’s more fun to make the investment. Even if it goes back, you had the experience of seeing what would happen. And philanthropy is the same way.

JIM: You made an interesting comment. You said yesterday, you know, it’s hard to make a really bad philanthropic investment, which I thought was interesting that you would look at it that way. And explain some of your reasoning there.

RUSS: The nonprofit world is a terrific part. It’s unique to America, as most of you probably know. There’s no other place in the world that has the same philanthropic community, the same thriving nonprofit community we have in the United States. And it’s just fascinating. It’s how you solve big social problems. There are problems that can’t be solved by government, there are problems that can’t be solved by business. And the philanthropic and nonprofit communities basically fill that void in many ways. Again, I don’t really think there are many bad philanthropic choices that you make. Some may do better than others. If anything, there’s
probably a little too much emphasis today on trying to separate the perfect from the good. And I’ve always thought, why would you do that? if it’s good, why not do it?

JIM: Well, it’s also consistent with your approach which, you make a lot of bets, and it’s maybe more of a venture capitalist approach than a private equity business approach, right?

RUSS: Yeah.

JIM: Private equity, we’re kind of going all in on a few things a year and it better work. But in venture capital, you can spread your bets a bit and where you see success, that’s where you start to reinvest. And I suspect that’s part of what happened with you, too. You chose to get involved in things that you thought had a lot of potential to scale, that showed a lot of the signs of success ultimately?

RUSS: I think like anything else, you experiment. You find out which things are interesting, you find out which things look like to really have potential. Again, I like having a varied portfolio. I don’t really like doing the same thing every day, so having a varied portfolio of interests keeps me intellectually challenged. It keeps my family members intellectually challenged. And, again, it’s very similar to venture capital. You’ve got to place a lot of bets, not all of which are going to come home in a big way.

JIM: Right. Some you have to walk away from, some you invest more in.

RUSS: Yeah. If you never took the risks, nothing would have happened.

JIM: Yeah. And in the end, they ultimately do some good along the way. You can take some comfort in that. I think it’s true. So let’s talk about a few of those big bets, some of which were featured on the film. The Partnership of Schools Platform. I had the good fortune to visit one of your schools the couple years ago, and I was struck by how remarkable the culture of the place was, and the happiness we saw running around those hallways and in the gymnasium. And then it was still early days. It’s still early in its gestation, but the results are starting to come in now, it looks like. And there is a real differentiation between what you can do for those communities vs. the public school alternatives. Tell us a little bit about how you chose to get involved with backing the Catholic school system in New York. I know you’re not a Catholic; Judy, I understand, is. But what was it about the Catholic school system that caught your attention?

RUSS: Jim, I think it’s actually a perfect story of you kind of stick your finger in and pretty soon you’re up to your elbow and before you know it you’re up to your neck!

JIM: I know the feeling!

RUSS: Judy and I started to get involved probably 35 years ago when a friend called and said would you guys come to the Inner-City Scholarship Fund annual dinner? This was a group that raised money for scholarships for kids to go to a Catholic inner-city school in New York. And I didn’t particularly like going to big dinners, so I said, well, I’m not going to go, but I’ll send you a check. And the next year, my friend called and he said, I’m inviting you again. This time I want both your check and I want you and Judy to come to the meeting. This was a big
dinner. But during the dinner, a couple of kids got up and spoke, and we said this is really pretty neat. So the first thing we did was we sponsored a kid by paying for one scholarship. The next thing that happened a couple years later was they developed the patrons program, and came around and talked to us and said we’d like you to adopt a Catholic school and you can figure out what that means. Judy and I went to see two schools. They said, which one do you like? We said we can’t make up our mind, we like them both, we’ll adopt them both, and then cut a deal with the Archdiocese where we’d pay half the operating deficit of each of the schools. We went from there to a friend of mine and I raised $100 million endowment funds to give scholarships to kids to go to Catholic inner-city schools in New York City. That started I think as a very noble effort. After we’d been in it a while, we began to think hard about the quality of the schools that we were sending our kids to. And, again, a big advantage of not being Catholic, is I can be very objective about this. And I came to the conclusion some of the schools were very good---

JIM: You mean Dolan has no effect on you, is that what you’re saying? How do you resist that?

RUSS: It became clear some of the schools were very good, some of the schools were not very good. So I started asking the question, why are we giving kids scholarships to go to the bad schools? And about the same time, the opportunity came along where the archdiocese was about to close several schools. And I said to the Superintendent of Schools, would you like to talk about having us potentially take over some of the schools? That led to a discussion that took us close to a year to negotiate the final deal. We started out with the assumption that we’d be equal partners with the archdiocese. That lasted until we sent our facilities guy in to look at what might be needed in terms of capital investments in the schools. We were looking at six schools at the time. The answer came back $10 million. And it obvious to me immediately the church was not about to come up with a 50% share of $10 million. So we kind of recalibrated and I went back to the cardinal and suggested, we’ll take full responsibility, we’ll put up the $10 million in capital, we’ll also pay the operating deficits which are very substantial in the schools. In return, we have to have full control of the schools. And this was six years ago. When we started, less than 20% of our kids were passing the New York State tests. Last year, about 50% of our kids passed the state tests. So dramatic increase in performance. And all that was led really by a combination of things: running a longer school day; holding the teachers and the staffs accountable for the performance of the kids; holding the kids accountable for themselves. For me, it’s probably my number one charity in that we’re touching 2,000 lives every year. And I’d like to think that some significant percentage of those kids are going to have a better life because we gave them a K-8 education they wouldn’t have gotten otherwise. Not all of them are going to be successful in life. There’ll be failures. But I think by and large, we set them on the path that where, if we can do nothing more than create a higher percentage of good citizens out of this process, the money we spent will be well worth it.

JIM: The other fascinating thing about the partnership schools, it’s really a model for what might other archdiocese do with some of their tougher schools, right, where they’re not completely stretched, as sort of eluded to. They have a very difficult time helping fund, let alone oversee these school. So I knew the Chicago archdiocese is looking at the very model that you all created: how do we take some schools and move them to operators, people who care,
philanthropist-focused. So it’s really the beginning of I think of a trend here that could really help make Catholic schools even better in places where it needs to be.

RUSS: I would agree with that, Jim. And I think on two dimensions: one, the education has to be better than what’s being delivered today because we live in a very competitive world. And, number two, the church can’t afford to campaign the cost of education.

JIM: And neither can the community, unless there’s school choice. And so I need to thank you for something else which is I know you’re a good friend Tom Carroll’s. and you were behind his efforts, a group of philanthropist to try to get a school choice, a tax credit scholarship bill passed in New York. You came awfully close. It didn’t work out. But a group of us in Chicago watched very carefully what you were doing. Tom actually came in and advised us and we were able to get a blue state, the first of its kind school choice bill passed a couple years ago. We’re hanging on by our fingernails but thank you for your work with that. And as you think about the future of inner-city alternatives schools, whether Catholic, Jewish, Muslim, Montessori, allowing parents to have more choices ultimately with their tax dollars, will that day come? Are we going to see that day in these major metropolitan – at some point. I look at Chicago.

RUSS: I think it’s a challenge, Jim. It’s a political challenge. I should also say, Catholic schools are one thing that we’re doing education area. We also support charter schools in a big way. My daughter Cecily is on the board of one of the big charter organizations and she’s on the board of the New York City Charter Center, which helps create new centers and new schools. I think the political issue is a difficult one where, as adults in our society, we need to conclude that education really is important. The key to the United States remaining at the top of the heap for the next hundred years is we’ve got to improve our school system. We’re falling behind the rest of the world where we’re not nearly as good as we think we are. And the way to get there is to have alternatives and prove that things can work. We’ve already proven the six schools now, about to be seven schools, our Catholic schools, have done dramatically better than the neighborhood public schools in their neighborhoods. So we’re proving it can work. And we’re doing it for almost a third of the cost of what the public is spending per kid on their education.

JIM: It’s remarkable. Thank you for your work there. Just looking at some of the big projects with the archdiocese on the schools, Rockefeller University, The Genome Project, all three cases working with established institutions to help them make what they’re doing better. Is there a theme there at all? Are you able to leverage institutions in a way that you can get more value ultimately for the philanthropic investment? Or am I misperceiving some of the –

RUSS: I think the New York Genome Center is a good example of – New York City has some of the best medical science in the country. I think we rate number three in the country in The National Institute of Health grants, so government grants for medical science. In, New York, the institutions historically have tended to be very siloed. Everybody kind of thought they were the best. They did things themselves, they didn’t cooperate that much with each other. And the New York Genome Center was an opportunity to try and get a group of them working together to pursue a technology that was probably too expensive and too early stage for any of them to individually make the investment that was necessary. I jumped on board very early and we
wound up getting 12 institutions. It’s everybody: Columbia, NYU, the hospitals, Mt. Sanai, New York Presbyterian, anybody who’s anybody in the healthcare and medical science world in New York jumped in as an institutional limited partner. Each of them put up $2.5 million as part of the seed capital. I would like to think I was the catalyst of the philanthropic side. Part of my pitch to them was I agreed to put up $5 million initially. I put up a whole lot more than that since then. But we’ve raised close to $400 million of capital since we started this exercise. We started about eight years ago. And we built a world class medical research activity. But those of you who don’t know anything about genomics, it’s the coming science that’s going to unlock personalized medicine which is being able to look at somebody who is seriously ill and finding out what uniquely is wrong with them and what uniquely is the way they should be treated. This is a huge database exercise.

JIM: But great science in these institutions that you knitted together, effectively, to create something more than they would have done on their own separately.

RUSS: One of our projects right now is we have what we call the Polyethnic 1000 Cancer Study where we’re taking tissue samples from 1,000 people of different races in New York City. These are all patients of our hospitals that are our member institutions in New York. 1,000 patient samples trying to determine, well, what are the racial differences in cancer? There clearly are differences, but what are they? What are the genetic differences of someone who’s black, yellow, brown or white that happens to have what may appear to be the same disease but it really isn’t? It has a different genetic signature to it.

JIM: We only have a few minutes left but I wanted to talk to you about something that’s very important to you which is the involvement of your family in our philanthropy. You’ve taken a tack which has been much more I’m going to do this myself, have a personal involvement, involve the family. You started with a DAF. You just recently moved to a foundation. Talk to us a little bit about your thinking around how to do philanthropy and involve the family and your own journey from that towards a foundation with – I understand you recently hired a foundation.

RUSS: I think one of the most satisfying things about our foundation is getting my family members involved in it. I have two children. Cecily is here, who is 47 and our son Ed is 44.

[Laughter]

JIM: I don’t think you’re supposed to say that.

RUSS: She’s a little old, but otherwise she’s a nice person! [Laughter] We started having conversations around the dinner table where Judy and I began talking about the things we’re interested in. We began to talk about organizations that we liked. Both of our kids in high school, they had very good social programs in the school where the kids went out and were exposed to some local charities. I’m happy to say both our kids have very strong social consciences. So this has been a labor of love for them as well as for Judy and I. But we slowly evolved from sitting around the dinner table where usually we’d get half way into the conversation, and somebody would get upset about something, get mad, leave. So then we started having the meetings in my office where it was a little more formal and a little harder for people to leave.
JIM: To scream and yell, yeah.

RUSS: Yeah. We’ve now taken the ultimate leap which, two years ago, we set up a family office which Cecily and I occupied fulltime together with Amy Stevens who’s here with us, our Executive Vice President. Dorothy Roberts has worked with me for almost 40 years now as my assistant. But we formalized the whole process. And, again, this was all part for me of the glide path of moving out of my business into something that had its own very separate identity and was something my kids could continue after Judy and I are no longer here. But we have regular discussions, we have regular quarterly report meetings. It’s a very well organization activity. The reality is that any one of the four of us can pretty much do whatever we want to do. We each have slightly different interests but we have enough money that we can afford to finance everything.

JIM: I think you also instituted a sunset clause on the family foundation. Talk about the pros and cons of that.

RUSS: When I first started to think seriously about this, which was probably 30 years ago, I made a couple of decisions which I think turned out to be critical. One was that we couldn’t solve all the world’s problems with the money we had and I thought we were likely to have in the future so we should concentrate our philanthropy where it really can make a difference. And in our case, that was New York City which was our home base. So very focused on institutions that are in New York. We don’t give money to the American Cancer Society or any of the big national organizations. Focused on New York City. We try and take an active role in as many of the things that support as possible. I think as a family, we sit on probably 15 nonprofit boards now. So you give time as well as money. You play an active role. You step up and take a leadership role which I’ve been able to do, and my family members to different degrees have done the same thing. I also thought it didn’t make sense to lock away a sizable amount of money for an infinite period of time. It made sense to me, I’ll be gone by the time my grandchildren are really thinking adults. And I didn’t want to just leave a bunch of money that would be given away in the future by some group of people that didn’t know me and Judy and know what our values were. So it made perfect sense to say our money should be given away in a finite time period. After thinking about it for a while, I said it should be our generation and our direct children’s generation. So we picked the year 2050, which is an arbitrary day. But all the money in the foundation which also includes my net worth. Judy and I, as part of our estate planning, all of our estates go into the foundation. But all of it will be given away by the year 2050 or the death of our last child. I just think that makes perfect sense, Jim. And from having been in the investment world, you learn the present value of a dollar. A dollar spent today is more valuable than a dollar spent 10 years from now or a hundred years from now.

JIM: We have the same plan. So there’s been a lot of talk about curbing tax deductibility for charitable donations and more transparency around DAF, a lot of suspicion about what is going on in the philanthropic world, it seems. What’s your take on all that? Do you worry about that?

RUSS: Yeah. I think it’s misplaced. I would say that I’ve never made a charitable donation because I got a tax deduction for it. I candidly tax – my charitable donations are so
much larger than my ability to take a tax deduction for them. So for me, taxes have never been an important issue. But I think for some people they are, and particularly for smaller givers. It would be ridiculous for our society to somehow decide that we shouldn’t encourage philanthropy. It would not only be ridiculous, but I also think it would be terribly egotistical of our government to think that government can give your money away better than you can give it away. I do think for all of us in this room, I suspect we all have the same feeling that I’m a much bigger steward of my money than the government is and I’d like to give away as much of my money as possible and not have the government making those choices for me.

[Clapping]

RUSS: I’m surprised there’s such a receptive audience for that! The other thing I would say, Jim, and I think I said it at the onset, the United States is unique. We travel. Judy and I have been all over the world. There is no place else in the world like the United States in terms of the pioneer spirit, the fact that you help your neighbor, the culture we have here, community involvement. It doesn’t exist anywhere else in the developed world.

JIM: Why undermine that now?

RUSS: It would be very foolish of the government to try and interfere with that.

JIM: Well, congratulations again on this prestigious Simon Prize. And I want you to know that you have been a role model for me and for so many in the investment world. So thank you for all you have done.

RUSS: Thank you, Jim. And thank all of you for being here.

JIM: I mean it.

PETER: Thank you, Jim and Russ, for a very insightful, interesting and informative conversation on philanthropy. I know I speak for many in the audience when I say that we have learned much from the opportunity to listen to two successful business leaders who have used their talent and resources to improve their hometowns. Russ, we’re so pleased that you have joined the ranks of the Simon Prize winners. and I know my dad would be proud to be associated with you, and we certainly are.

I hope you will take some lessons learned today as you continue in your journey in philanthropy. I know I will. And please remember that the nomination process for the 2020 Simon Prize will open soon. And hope that, if any of you have a suggestion for a candidate, please contact Adam or somebody at the Philanthropy Roundtable. You can call me, too. So that’s that.

[End of recording]