



# "Moving Forward." Robert F. Smith Talks About the Future of His Philanthropy

Ade Adeniji | February 24, 2021



ROBERT F. SMITH CEO OF VISTA EQUITY PARTNERS PHOTO CREDIT: RICKY CARIOTI/THE WASHINGTON POST

As a Black writer covering the [Wall Street donors](#) beat, I've always felt there's a giant elephant in the room: Most of the nation's biggest winners in finance are white men.

Then there's Robert F. Smith, 58, worth \$5.2 billion. I first covered his emerging giving [back in 2015](#), including to the Lincoln Hills Experience, a youth empowerment program on a ranch and fly fishing preserve outside of his hometown of Denver. Lincoln Hills was once one of the few resorts where African Americans could rent or buy vacation cabins. It was frequented by the likes of Duke Ellington.

Much has changed since then for Smith, who is now the richest Black American—shooting past Oprah Winfrey—and one of the nation's most prolific philanthropists. The Vista Equity Partners founder and CEO became known outside finance circles in large part for his surprise move to wipe out the student loan debt of the nearly 400-member Morehouse College class of 2019. The first Black American Giving Pledge signatory was hitting all the right notes.

Then, at the tail end of 2020, Smith's glowing reputation came into question. He avoided prosecution by entering into an agreement with the Department of Justice in exchange for cooperating with the investigation of billionaire Robert Brockman, who was indicted in what prosecutors say is the largest tax evasion case in U.S. history. As part of the deal, Smith was required to admit that he played a supporting role in the scheme, [stemming from a deal](#) the two men had made 20 years prior. Smith agreed to pay a \$139 million penalty, and give up \$182 million in charitable giving deductions.

The tax evasion scandal has cast a shadow over his giving, but in a rare interview, Smith tells IP he's ready to turn the page and focus on his future philanthropy. "Now, I have made right with the government," he says. "We have an agreement and I'll abide by the agreement. We're moving forward, and that's kind of that. Everyone makes mistakes in life; my hope is that people learn how to forgive and move forward, and that's what I do."

As the dust settles, he continues to be one of the nation's highest-profile donors, engaging in a wide range of issues and strategies, but often around advancing racial equity. Just this month, for example, he made a \$3.8 million donation to launch the Robert F. Smith Mobile MRI Unit in partnership with the Mount Sinai Health System to support prostate health in the Black community. "Black men have the highest rate of prostate cancer," Smith explains. "So let's get out into the community with a mobile van, and if it works, then do it at scale."

With Smith's associated [Fund II Foundation](#) now about seven years old, we thought it was a good time to pull back the lens with the billionaire donor and find out where he sees all of this going. As a Black donor in rarefied air, whose philanthropy came of age during an era of Black Lives Matter, Smith doesn't just have a unique perspective—he has real power in a space that has historically been overwhelmingly white.



## Follow the Money!

Want to get inside funders' heads? Sign up for our email updates.

SIGN UP



Check out IP's directory of philanthropy and fundraising consultants. Browse the listings for your next project. Apply to join the directory. Annual IP membership required.

## Featured Jobs

Find Jobs

GO

**Senior Program Officer, Climate**

Palo Alto, CA - **Yellow Chair Foundation**

**Chief Development Officer (Hybrid/Flexible Location)**

Milpitas, CA - **Humane Society Silicon Valley**

**Alumni Engagement Director, Career and Industry Programs**

DC - **George Washington University**

**Senior Manager, Strategic Advancement Communications**

DC - **The Climate Reality Project**

**Vice President of Operations & Finance**

Remote, - **The Solutions Project**

[Post a Job](#) [More jobs](#)

Powered by **ymcareers**  
communitybrands

By using this website, you agree to our use of cookies.

We spoke with Smith about what guides his philanthropy, how Fund II Foundation operates, his plans for deploying still quite a bit more cash, and his own vision for tackling issues of equity and systemic change—including what he calls the “2% solution.”

### A philanthropic upbringing

The son of two Ph.D.s, Smith convinced Bell Labs to give him an internship when he was still in high school, cold calling for five months before HR finally relented and gave him a gig normally reserved for college students. He describes his parents as not only educators, but activists in their local Denver community. His father William worked with the YMCA to help kids of color go to summer camp and his mother Sylvia served on the board of a credit union, making sure there were dollars on hand for young Black teachers to purchase their first homes.

William launched a civic association in North City Park, then a 98% Black neighborhood, focusing on voting and polling locations, head start programs, fair lending, and fighting against redlining. “The notion of philanthropy was a function of how I grew up. It informed my DNA about giving back to the community,” Smith says.

When it came time to sign the Giving Pledge in 2017, Smith did so in part to be around other philanthropists to see how they operate. He was also quick to name that elephant in the room: “Besides Oprah... LeBron... there wasn’t a long line of African American folks I could call on and ask, ‘Hey, how do you do this?’”

Armed with a chemical engineering degree from Cornell and an MBA from Columbia, Smith worked in mergers and acquisitions at Goldman Sachs before founding Vista Equity Partners, an enterprise software investment firm that now boasts \$73 billion in assets under management. Smith says he still identifies as an engineer, however, which helps guide his decisions as a donor.

“When I look at philanthropic giving, while I’ll do what I call event-oriented giving, I like to look for sustainable outcomes and programs that can be done at scale. This is the way to change the dimension of someone’s existence and the direction of their life,” Smith says.

### A new kind of mega-donor

As America marches toward a majority non-white population by 2050, it’s important to consider the implications of these demographic shifts on the future of philanthropy. The architects of [Black Philanthropy Month](#) once explained to me that the story of Black philanthropy isn’t just one about the wealthy elite, but also the masses of people committed to giving back whatever they can to create and sustain Black institutions like HBCUs and churches.

When the Smithsonian National Museum of African American History and Culture was getting off the ground, for example, it received eight-figure founding gifts from both Smith and Winfrey. Speaking to the power of the collective, though, nearly three-quarters of individual gifts were from African Americans, and \$4 million of the total raised came from gifts smaller than \$1,000, [according to the \*New York Times\*](#).

Still, Smith is now charting out a path that few others who look like him can, a reality of which he is quite aware. “In the past, there were philanthropists in their communities who we only knew about later, when they passed away. Some knew each other when they would gather in New York around galvanizing events for civil rights, which, of course, was an important order of the day,” he says, noting that there were figures behind the scenes helping Martin Luther King Jr. and his allies post bail.

Smith, however, is hopeful and strongly believes that this “fourth industrial revolution”—a common refrain of his—provides a unique opportunity for Black Americans. “The wonderful thing about being African American in this time is that we have connectivity.... We can organize more effectively in this digital economy,” he says.

For instance, Smith and his wife Hope are sponsoring an upcoming February 28 fundraising event around activist and singer Harry Belafonte’s 94th birthday, which will support Gathering for Justice, created after Kaia Rolle, a young Black girl, was cuffed and arrested in her Florida classroom. Smith and Belafonte are on the board of Robert F. Kennedy Human Rights together. Another RFK board member, fellow Black Wall Streeter Frank Baker, made a big gift last summer to Spelman College, and cites Smith as an influence. At the time, Smith wrote [on social media](#): “So proud of my brother Frank Baker and congratulations to the Spelman Class of 2020!”

During a time of social distancing, Smith is finding a lot of joy in these virtual galas, which he sees as much more efficient if done properly because more money can go directly to causes. He notes that it’s gentler on the planet, to boot.

### A different kind of foundation

Fund II Foundation has made approximately 80 grants worth some \$250 million since its 2014 founding, but the foundation has stayed quite lean, with a half-dozen listed staff and a small board. At this point, Smith interrupted our regularly scheduled discussion and started speaking about the foundation world in a way that you rarely hear from the billionaire donor behind one.

“OK, so what created this foundation?” he begins. “In some cases, it’s the noble work of a person or persons.... On the other hand, I chuckle when I see the fortunes of people who traded in brown bodies and that money over time got viewed differently than what its source was.”

Then we resume.

Smith says he has no interest in creating a big institution that supports 20 or 30 board members for several generations. He simply wants to empower organizations and their leaders to do the work that they’re capable of.

By using this website, you agree to our use of cookies.

Some of his giving may come as a surprise. In recent years, Smith has quietly become one of the largest private donors to support America's national parks. Fund II Foundation directed nearly \$39 million to the National Park Foundation in 2016 alone. Work has included preserving MLK's birth home and home during his life. But this is not your run-of-the-mill preservation effort. Smith wanted to create a second layer of enrichment focused on the digitization and curation of these spaces, which would help bring history alive for younger generations.

Black youths will have an opportunity to obtain internships at the National Park Foundation and National Park Service, being stewards of the civil rights leader's history and legacy.

"I used to joke with Lonnie Bunch about this," Smith explains, referring to the historian and secretary of the Smithsonian. "'Lonnie, museums that just preserve artifacts to me are just temples.' I think it has to come alive. And in order to do that, you have to embrace, today, the tools that we have."

Fund II Foundation's work with the National Park Foundation is a good example of how it operates across issues, including safeguarding human rights, providing music education, and preserving the environment.

### Music and more

While we've written a lot about Smith's higher ed giving and his recent flurry of health gifts targeting the Black community, his work in the arts and other areas deserves a closer look. In the summer of 2016, Smith became the first African American board chair of Carnegie Hall. But this is a full family affair. His sons Hendrix and Legend are named after a certain guitarist and a certain Ohio-born crooner.

Smith calls his father William a brilliant musician, who played everything from gospel and ragtime to opera. "He had that kind of virtuosity on the keyboard, and he was literally dripping with sweat by the end," says Smith. A saxophone player himself, he's experienced the power of music to bring people together. After finishing up at Columbia Business School, Smith found himself in a Berber camp in Morocco, a fish out of water, but with his instrument. Soon, an impromptu music session broke out, with some 70 people playing music for hours. "I couldn't speak a word of their language... but I still remember that feeling."

Smith is working with Carnegie Hall Executive and Artistic Director Clive Gillinson and the rest of the board to find ways to use music education as a tool to heal, connect, motivate and inspire. The Smiths were early supporters of the National Youth Orchestra and the National Youth Jazz Orchestra. Here, Smith wants his support to last at least 10 years so that impact can really be felt.

"It gives a chance for that programming to really settle in and build its own intellectual property on how to do it more effectively, so to speak," he tells me.

On the environment front, Fund II Foundation quietly made a \$2 million gift to Global Wildlife Conservation a few years ago to support the expansion of cloud forest protection in Guatemala.

On other fronts, Fund II Foundation's recent tax filings show that it backed the *New York Times'* 1619 Project with at least a half-million, and gave approximately \$1.3 million to Fair Count in Georgia to maximize participation in the 2020 census and increase civic participation. The foundation also made a \$3 million gift to Detroit-based Sphinx Organization, which works toward the development of young Black and Latino classical musicians.

### "The 2% solution."

In order to best understand Smith's approach to systemic change, it's useful to get a handle on what he's doing beyond philanthropy. Enter the "2% solution"—based on the amount the average annual American household donates to charity—which Smith believes is the best way to begin to reverse corporate America's history of structural racism. The premise is this: For the next decade, big banks and large companies ought to invest directly in banking, telecom, technology, education and healthcare infrastructure to benefit the Black community.

Smith notes that the net income of the 10 largest U.S. banks over the last 10 years was \$968 billion. He figures just 2% of that would amount to \$19.4 billion, which could be used to fund community development banks and minority depository institutions that mainly serve Black communities.

While Smith is hopeful government will one day fully contend with the legacy of discrimination, he believes corporations have the ability to solve some of these seemingly intractable challenges now. He lists a series of statistics including that 70% of Black communities don't have a branch bank, and that 36% of blacks don't have access to broadband. Smith is currently working with T-Mobile to take six southern cities and build out new layers of infrastructure.

"I know if we get this right, it will change the direction of Black businesses, our youth and our elderly. I want the whole community to participate in this fourth industrial revolution."

### Looking ahead

Moving forward, Smith is embracing the giving-while-living model. He's excited about his [Student Freedom Initiative](#), which he's supported with a \$50 million personal gift and another \$50 million from Fund II Foundation. Around 65% of Black wealth goes toward paying off student loans, and Smith is serious about easing this burden, as he made clear at Morehouse back in 2019.

Launching in the fall of 2021, Student Freedom Initiative will begin by supporting STEM students at select HBCUs including Clark Atlanta University, Hampton University, Xavier University of Louisiana, and Tougaloo College, offering an income-contingent funding option.

"If you're below a certain level, you don't pay anything at all. And the money doesn't go to the government, but into a foundation, recycled for the next generation. Every \$100 million will support, in essence, 1,000 students per year—in perpetuity," Smith explains.

Right now, Smith is looking for more funding for the initiative so that every STEM student at every HBCU across the country can participate. "That will probably liberate the Black community more effectively than anything else I could think about."

## Featured

**Eight Top Black Philanthropists on Wall Street**

**How This Star-Studded Justice Reform Outfit Rakes in Big-Donor Support**

**Philanthropists Make a Splash Paying off Student Loans, but Few Are Pushing for Debt Cancellation**

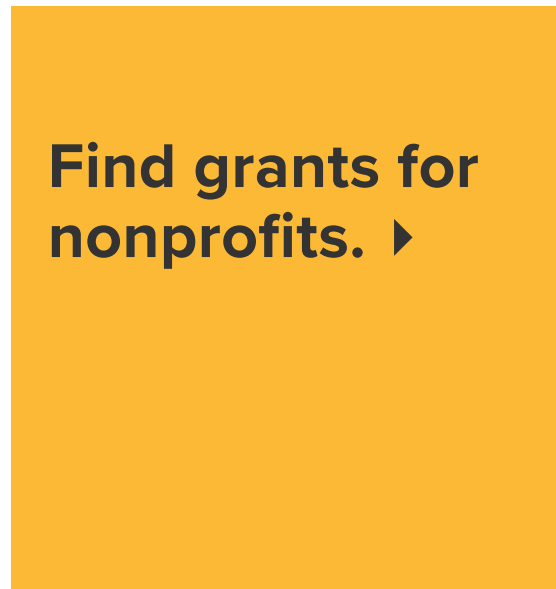
**An Untapped Well: In Search of the Black Environmental Donor**



The Danger of Anti-Immigrant ...

"Stay Diligent, Stay Strong." A ...

Explore **GrantFinder**, a powerful resource for IP subscribers.



**Become a member and find grants for nonprofits with our extensive research on who's funding what and why.**

SUBSCRIBE

Follow IP



Quick Links

[About Us](#)  
[Contact Us](#)  
[Consultants Directory](#)  
[FAQ & Help](#)  
[Terms of Use](#)  
[Privacy Policy](#)

Become a Subscriber

[Individual Subscriptions](#) →  
[Multi-User Subscriptions](#) →

Newsletter

[Subscribe to our newsletter](#)

Follow the money! Get our daily email

Sign Up

Inside Philanthropy