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Judy Faulkner Made \$7.7 Billion From Healthcare Software. Here's Her Unusual Plan To Give It Away.



Led by her youngest daughter Shana Dall'Osto, the Epic founder and CEO's family foundation Roots & Wings will soon be granting around \$100 million to hundreds of nonprofits each year.

By [Katie Jennings](#), Forbes Staff
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When Warren Buffett called, Judy Faulkner agreed to meet him in Omaha for dinner. Faulkner, the billionaire founder and CEO of Verona, Wisconsin-based medical records giant Epic Systems, had also made her fortune in the Midwest. In a dining room at the Happy Hollow Club, Buffett made a pitch for her to sign The Giving Pledge, a commitment by the world's wealthiest people to give away the majority of their money to charitable causes. "I thought, since I'm trying to give away my money, it'd be nice to work with people who have been doing this," Faulkner, 81, told *Forbes*.

Faulkner, who *Forbes* estimates is worth \$7.7 billion, signed the pledge in 2015, but she didn't formalize her philanthropic plans until 2019 when she established Seattle-based Roots & Wings. That family foundation is run by Faulkner's youngest daughter Shana Dall'Osto, 45, who was born in 1979 – the same year Epic was founded. Despite Faulkner's wishes that all three of her children become computer programmers like herself (only one did), Dall'Osto instead joined the

Peace Corps, then AmeriCorps and later a children’s literacy nonprofit before getting a master’s degree in nonprofit management.

Over the past five years, Roots & Wings has quietly given away \$200 million to 320 different organizations focused on various aspects of early childhood development (see the list of grantees [here](#)). Dall’Osto told *Forbes* the foundation has been ramping up its grant-making as Faulkner wants “to do more of her giving while she’s living.” Within the next few years, she estimates Root & Wings will start granting around \$100 million annually to organizations across the country focused on health, education and wellbeing of kids and their families. “One of our goals is that children have a strong start in life so they can reach their full potential,” Dall’Osto said. “We see that strong start as the roots and their full potential as the wings.”



Shana Dall’Osto (center) with Roots & Wings staff in Seattle, WA. (Photo: Arlene Chambers)

Throughout her career, Faulkner has bucked convention in the way she conducts business. While most of her competitors have used outside money and acquisitions to drive software development, Epic, which had \$4.9 billion in revenue in 2023, has always been privately held, and it has always developed its own products. Faulkner and her daughter are also taking a unique approach to philanthropy. Rather than forcing nonprofits through a labor-intensive vetting process and then dictating how grant money can be used, Roots & Wings operates on the idea that the organizations doing the work know best. “If you’re going to give them money, trust them and let them make the decision as to what’s right,” said Faulkner.

The term for this practice is trust-based philanthropy – a growing movement to shift the traditional top-down power dynamics that have defined centuries of charitable giving, most prominently practiced by MacKenzie Scott, who has so far given away \$17.3 billion without restrictions. Rather than contorting their efforts to fit the specifications of a funder’s vision, nonprofits instead receive unrestricted, multi-year grants with minimal reporting requirements.

Elisha Smith Arillaga, the vice president for research at The Center for Effective Philanthropy, told *Forbes* this is about the allocation of responsibility. “Is the onus on the grantee to fill out the application, or is it on the grant-maker to do their due diligence ahead of time and then decide they trust the organization enough that they want to invest in it?”

Roots & Wings’ decision not to place restrictions on how its funding can be used is rooted in Dall’Osto’s first-hand experience working at a literacy nonprofit, which struggled to pay its staff because grant money was restricted to expanding reading programs but prohibited paying the people who would deliver them. “There’s a saying that a gift comes with a bow and a grant comes with strings,” she said. “If the funds can only go to programs and can’t go to overhead, then that creates this nonprofit starvation cycle, where they can’t be healthy and grow.”

Ruth Schmidt, executive director of the Wisconsin Early Childhood Association, remembers receiving a call from Dall’Osto in April 2021. There was no talk of money. Instead, they discussed the impact of the Covid-19 pandemic on childcare programs and “all of the nitty gritty messiness of the system of early care and education.”

A few months later, Roots & Wings offered Schmidt \$50,000 for general operating support. In the months that followed the grant was increased — to \$200,000; then \$400,000; and finally \$2 million. Schmidt said those flexible funds gave her organization “remarkable breathing room.” Instead of endlessly chasing money to fund basic operations, the Wisconsin Early Childhood Association had the resources to plan for growth and decided to invest more in the staffing and policy research needed to advocate for child care as a “public good” worthy of government investment, similar to public school.

As a longtime software engineer, Faulkner is as methodical in her approach to philanthropy as she is in business. Her philanthropy pilot project began in 2012 with the Magic Pebble Foundation, which gave about \$1.5 million per year to around 100 groups in the eight years it ran. “It was a way for us as a family to learn about philanthropy and learn about community needs,” said Dall’Osto.

In 2019, Faulkner told Dall’Osto she was ready to do more. Though she had agreed to donate 99% of her assets to philanthropy through the Giving Pledge, the majority of her wealth was tied up in Epic stock. Faulkner currently owns nearly half of the company and worried a big sell-off might destabilize it. So she established a trust to govern the stock sell-back process in increments of around \$100 million each year. Epic buys back the shares, which are then offered to its employees, and the proceeds go to Roots & Wings.

Roots & Wings launched in early 2020 with the first \$100 million disbursement as its endowment. When the pandemic hit a few weeks later, Dall'Osto and the organization's only other employee managed to get "50 grants out the door, no application needed," she said. Since then, they've continued this quick and largely painless practice. By doing extensive due diligence on a nonprofit *before* a first phone call, they are often able to offer a grant by the time everyone hangs up.

In 2020, Roots & Wings granted \$15 million to 115 organizations. In 2024, Dall'Osto estimates the foundation will grant \$67 million to 305 organizations, with the idea that it will steadily increase to giving out \$100 million per year within the next five years, and possibly as soon as 2027.

While some Giving Pledge signers, like Duty Free Shoppers billionaire Chuck Feeney, [pledged to give away](#) all of their wealth within their lifetime, Roots & Wings will continue beyond Faulkner's death. Dall'Osto said the foundation averages giving out between 10% to 15% distribution of total assets each year.



Judy Faulkner holding her daughter Shana Dall'Osto in 1979.

That's far above what most foundations distribute, often just the 5% minimum the IRS requires to maintain nonprofit tax status. Foundations also often adhere to this threshold so they can exist in perpetuity, since 5% is around the annual investment return they could make on an endowment.

Because Roots & Wings keeps increasing the number of dollars out the door, it will eventually run out of money. It would take nearly 80 years for Faulkner to give away \$7.7 billion in annual \$100 million increments and much longer than that for Roots & Wings to spend it down, when considering annual investment returns and the 15% distribution. Dall'Osto wouldn't give a specific timeframe, other than "we do expect to continue giving for many years to come."

With seven staff and two consultants, she said Roots & Wings will remain a "lean" and "learning" organization that prioritizes listening to the needs of the community. While trust-based philanthropy has been criticized in some circles for lacking strategy and accountability, Leslie Huber, strategic engagement director at Way Forward Resources, a Wisconsin-based food

pantry and housing assistance nonprofit, said that's not true in her experience. With Roots & Wings, "we don't feel like that the accountability piece is gone," she told *Forbes*. "It's the way that they do it. Through that relationship building instead of paper pushing."

Dall'Osto hopes other funders will follow suit and let nonprofits take charge instead of getting bogged down in bloated bureaucracy. "It's better to get the money into the community, and it's better to fund a bunch of organizations and take the risk that maybe one might not be as successful as possible," she said. "But the majority of them will do good things and will continue to help and save lives."