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Assistant to the President and Chief of Staff to the First Lady
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Non-Profits

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10/7/94 Event

10/7/94 Event

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President's Interagency Task Force on Nonprofits and Government

November 27, 2000
2:00 pm – 3:30 pm
Indian Treaty Room
Eisenhower Executive Office Building

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Divider Title: **AGENDA**

President's Interagency Task Force on Nonprofits and Government

White House ~ Indian Treaty Room
November 27, 2000
2:00 pm – 3:30 pm

I. **Welcome and Introductions** – Bruce Reed

II. **Update on E-Philanthropy Efforts** – Shirley Sagawa

III. **Findings of Council of Economic Advisers Report on Philanthropy** – Gene Sperling

IV. **Discussion of Nonprofit Report**
- Overview of Report – Melanne Verveer
- Discussion of Themes (Melanne to introduce; co-moderated)
- Discussion of Proposed Barriers/Conclusions (Gene to introduce; co-moderated)

V. **Next Steps** – Bruce Reed

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Divider Title: **BRIEFING MEMO**

November 24, 2000

Interagency Task Force on Nonprofits & Government Meeting

TO:	Bruce Reed, Gene Sperling, Melanne Verveer
CC:	Shirley Sagawa, Andrea Kane, Ellen Lovell
DATE:	Monday, November 27, 2000
TIME:	2:00 pm – 3:30 pm
LOCATION:	Indian Treaty Room
FROM:	Julie Bosland, Matthew Nelson

I. PURPOSE

To convene the second meeting of the President's Interagency Task Force on Nonprofits & Government in order to gain agency perspectives on the barriers to successful federal-nonprofit collaboration and review the recommendations presented in the near-final report of the Task Force.

II. BACKGROUND

On October 22, 1999, the President and First Lady hosted members of the philanthropic community at the first ever White House Conference on Philanthropy: Gifts to the Future (*See Report of the WH Philanthropy Conference*). This conference highlighted the unique American tradition of giving, discussed the diverse and changing face of philanthropy, and emphasized the responsibility all Americans have to teach and sustain this tradition.

At the Conference, President Clinton announced an Executive Memorandum creating the Interagency Task Force on Nonprofits and the Government (*See Executive Memorandum*). The purpose of this Task Force is to identify current forms of collaboration between the federal government and ways that this collaboration can be improved. Chaired by senior White House staff and consisting of Cabinet Secretaries or their designees, the Task Force was charged with three tasks: (1) to develop a public inventory of "best practices" in existing collaborations between the Federal agency programs and nonprofit organizations; (2) to evaluate data and research trends on nonprofits and philanthropy; and (3) to develop further policy responses.

NOTE: The President's most recent weekly radio address focused on the various themes and follow-up activities of the White House Conference, including CEA's report on philanthropy and the economy, a survey and new privately-funded initiative on youth philanthropy, and the forthcoming report of the Nonprofit Task Force. (See *Radio Address for remarks and press paper*).

Several activities have been undertaken to achieve these goals, including:

- The President's budget included several tax proposals to promote philanthropic giving, which was one approach to meeting the third objective. Unfortunately it does not appear that Congress will enact legislation addressing these proposals this year.
- Staff from the Millennium Council and the First Lady's Office provided leadership for a follow up to the White House Conference focusing on e-philanthropy. This conference, held in San Diego in September 2000, allowed people to discuss best practices (objective 1). (*See E-Philanthropy*)
- CEA has prepared a report entitled "Philanthropy in the American Economy", which was announced by the President in this past weekend's radio address (*See CEA Philanthropy Report.)* The findings of this report will be shared with agency representatives at this Task Force meeting. This report meets objective 2.
- A Nonprofit Task Force report (*See Nonprofit Report*) is nearly finalized, covering best practices and conclusions about policy/administrative actions that can foster closer government-nonprofit partnerships. Through staff work with agency liaisons and the discussion of best practices at the first Task Force Meeting (August 2, 2000), writer Carol Beach worked with the First Lady's Office, DPC and the Millennium Council to draft this report. Agencies had a very quick turnaround review of this report when the radio address topic was selected, but we decided to have the President announce the release of the report in this coming week, rather than on Saturday, to allow for a fuller discussion of the report themes, barriers to successful partnerships with nonprofits, and strategies for strengthening and institutionalizing these relationships.

III. PARTICIPANTS

<u>Co-Chairs</u>
Bruce Reed
Gene Sperling
Melanne Verveer

<u>Agencies Represented</u> (*See Attendees for individual participants*)
Agriculture
Commerce
Corporation for National Service
Education
EPA
FEMA
HHS
HUD
Interior
Justice
Labor
OPM
SBA
State
Treasury

White House Offices Participating
Domestic Policy Council
First Lady's Office
Millennium Council
CEA

IV. SEQUENCE OF EVENTS

- Bruce welcomes Task Force members, introduces co-chairs, reminds participants of the purpose of the Task Force, and notes what will be covered during the meeting.
- Shirley Sagawa (Deputy Chief of Staff, Office of the First Lady) reports on the E-Philanthropy conference that was held in San Diego earlier this fall.
- Gene describes the main findings of the CEA report on philanthropy.
- Melanne provides an overview of the nonprofit report.
- Melanne introduces the discussion of the themes and main messages of the report; co-chairs jointly moderate.
- Gene introduces the discussion of the barriers to collaboration with nonprofits and the group's conclusions/recommendations; co-chairs jointly moderate.
- Bruce reviews next steps and closes the meeting.

V. PRESS

Closed Press.

VI. REMARKS

Attached 'Script' provides talking points that may be helpful for co-chairing the meeting. However, we expect that this will be a fairly free flowing conversation after the initial presentations are done, so the scripted questions simply offer a place to start.

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Divider Title: **SCRIPT**

Nonprofit Task Force Meeting
November 27, 2000
suggested talking points

I. Welcome – Bruce Reed

- Introduce co-chairs Melanne Verveer and Gene Sperling

- Ask participants to introduce themselves

- **Thanks for the rapid response** that agencies provided reviewing and commenting on the report when we learned that the President would be covering philanthropy and nonprofit partnerships in his weekly radio address. Because we wanted to make sure that we had an opportunity to include everyone's comments and discuss the themes and conclusions before putting out the final version, the President announced that the report would be released later this week.

- The radio address covered several of the key themes from the **White House Conference on Philanthropy** that was held in October 1999. This conference focused on individual giving, particularly relating to new givers. In a moment, we will have **updates on two initiatives** that grew out of the Philanthropy Conference in addition to this task force:
  - The **e-philanthropy conference** in San Jose; and
  - A **Council of Economic Advisers report** on charitable giving, which was released this weekend.

- As most of you know, the executive memorandum creating this task force on nonprofits and the government was also announced at that conference. **This Task Force builds on the Administration's strong record of reaching out to nonprofits** and working in creative and collaborative ways, through White House leadership, the work of NPR and special efforts throughout the agencies.

- We have been charged with:
  - **examining current partnerships** between the Federal Government and the nonprofit sector;
  - developing a public **inventory of "best practices"** in existing collaborations between Federal government agencies; and
  - **evaluating ways that these partnerships can be improved** to help both government and nonprofits better fulfill their missions.

- During our last meeting in August we heard from many of the agencies around the table about exciting models of collaboration that are now being captured in a Task Force Report that is nearing completion.

- Based on this information, **today we will focus on the barriers to collaboration and highlight ways the government could be even more responsive to nonprofits**. But first we'll get an update on the E-Philanthropy conference from Shirley Sagawa of the First Lady's Office, followed by a review of the CEA philanthropy report by Gene Sperling.

II. E-Philanthropy – Shirley Sagawa

- The "E-Philanthropy, Expanding Philanthropy Through the Internet Conference" was held September 25 and 26th in San Jose, California. An official project of the White House Millennium Council in partnership with Independent Sector and many other national non-profits and foundations, this conference was a **follow-up to the** first e-philanthropy forum held in October 1999 as part of the **White House Conference on Philanthropy**.

  (Cosponsors: AOL Foundation, Charitableway, Fidelity Charitable Gift Fund, Forum of Regional Associations of Grantmakers, Independent Sector, National Charities Information Bureau and the United Way of America. Associate Conference Partners were: CharityWave.com, MissionFish.com and the National Endowment for the Humanities.)

- The goal of the conference was to work toward **resolving difficult issues** (barriers) in ways that are inclusive of all practitioners in philanthropy **so the conversations result in increased philanthropy using the internet,** to support America's nonprofit organizations.

- "Expanding Philanthropy" considered several key issues:
  - What makes for successful partnerships between nonprofits and dot.coms?
  - How can donors be persuaded to increase their giving through the internet?
  - What issues inhibit giving? Security? Privacy? Lack of information about the nonprofit?
  - How will online giving alter donor-grantee relationships?

- The audience was comprised of participants from foundations, nonprofit organizations, donor advisors, as well as dot.com and corporate executives responsible for philanthropy.

- In conclusion, the conference heard that:
  - There is no one single best way of doing philanthropy over the internet and many different models exist;
  - There is still a cultural divide between the nonprofit and for-profit sectors, but it can be overcome by partnerships built on trust and mutual understanding;
  - The potential for the medium is only just beginning to be understood;
  - The individual donor/end user has to be kept in mind by all parties concerned.

III. CEA Report on Philanthropy – Gene Sperling

As a follow up to the 1999 White House Conference on Philanthropy, the Council of Economic Advisers has prepared a report – released this weekend by the President as part of his weekly radio address – that provides an economic analysis of philanthropic and the economy in the United States and discusses possible future directions for philanthropy, including ways to encourage greater giving. This report shows that:

- **Charitable giving reached a record high in 1999.** In 1999 Americans donated over $190 billion, up 41 percent since 1995. Giving has also increased sharply as a fraction of the Gross Domestic Product, rising from 1.7 percent of GDP in 1995 to a forecasted 2.1 percent in 1999, the highest share of GDP in three decades.

- **Growth in the wealth of the population explains much of this trend.** Average net worth for American families grew by more than a quarter between 1992 and 1998, and average income increased 15 percent over the same period. Both income and wealth are, not surprisingly, both strongly and positively related to the probability and amount of giving.

The report also finds that:

- **Individual giving accounts for the largest fraction of all charitable giving.** In 1998, 70 percent of American households made a charitable contribution and individual giving accounted for 85 percent of all philanthropy. The report also focuses attention on under-recognized giving by minorities and women, as well as the need develop youth philanthropy.

- **The new economy has also introduced changes in the methods of giving.** Internet sites now provide information about charitable organizations, help match donors with causes, and provide a convenient way to make contributions. This new **e-philanthropy** was emphasized at the White House Conference on Philanthropy as well as the follow up conference that Shirley Sagawa discussed. Lessons learned from the venture capital sector are also being applied to philanthropy. Although still in their infancy, **venture philanthropy** has the potential to increase the amount of giving and to improve the efficiency with which grants are used by the recipients.

In terms of the future of philanthropy:

- **The aging of the baby boom provides good news for philanthropy.** Because both older Americans and those with greater wealth give more, the aging of the baby boom and the wealth of that cohort point to the likelihood of dramatic growth in giving. Speculation is that charitable giving will increase by several hundred percent over the next couple of decades, assuming that Baby Boomers follow the same generous tradition of giving in their older years as their parents and grandparents.

- **Nonprofit organizations are expanding outreach for charitable donations to previously underutilized groups.** The report shows that minorities are more likely to give when asked, but are asked for donations much less frequently than whites. Further, innovative efforts to involve youth in philanthropy, promise not only to increase giving immediately, but also to instill philanthropic values in young people that will increase giving for a lifetime.

- **The Administration's tax policies would likely also lead to increases in giving.** Both economic theory and empirical studies indicate that Americans respond to financial incentives to give, and the tax deductibility charitable contributions encourages greater giving. Although it looks unlikely that the Administration's tax proposals to extend the deductibility of donations to those who do not itemize on their income tax returns, and to simplify other aspects of the tax code, will get passed this session, such policies would likely result in further increases in giving.

IV. Discussion of Nonprofit Report

Overview of the Report – Melanne Verveer

- As many of you know, in preparation for the first meeting of the Task Force, staff from the First Lady's Office, White House Millennium Council, Domestic Policy Council, and agencies represented on the Task Force met to develop a framework for analyzing model partnerships, practices, and approaches for working with the nonprofit sector, and to identify examples. In addition, staff held several meetings with individuals from the nonprofit sector to hear their views about partnerships that have been effective from their point of view, as well as ideas for recommendations that the task force might consider.

- Based on the examples that agencies shared, both prior to the last meeting and during our August discussion, five issues seemed to deserve further exploration: working with nonprofits to mobilize around a shared goal, reaching out to the full spectrum of nonprofits, leveraging resources, sharing information and working to build the capacity of our nonprofit partners. Our writer, Carol Beach, has been tackling this enormous task of synthesizing the array of examples we received and putting them into a larger framework that will help others learn from our efforts and reflections. I want to thank you for taking the time to review this report and provide comments during the past week, and we look forward to getting any further reflections here today for a final release later this week.

- I'd like to quickly walk through the report. Since we talked about the specific examples at the last meeting, we'd like to focus this time on the themes around which these examples are clustered. We will also want to leave plenty of time to talk about barriers, recommendations and next steps.

Discussion of Themes – Melanne Verveer to introduce; discussion jointly moderated

After some words by the President and First Lady and the introduction, the report provides examples of a number of different themes:

- **Working toward shared goals** – we found many examples of partnerships that entailed federal leadership and local mobilization to achieve an outcome important to both the agency and the group.

- **Reaching out to a broader spectrum of nonprofits** – we were pleased to see that agencies have been finding new ways to work with faith-based organizations or small, grassroots groups. In addition to providing access to government resources to new partners, these efforts help federal agencies reach target populations that may have been underserved in the past and bring new perspectives to the policy discussions in Washington.

- **Leveraging resources** – like most of these categories, this one cuts both ways – through partnerships, federal agencies can provide credibility or seed money to help nonprofits leverage outside foundation or corporate funding. On the other hand, nonprofits can also help the government by serving in complementary roles to government functions, like the Coast Guard Auxiliary, or bringing outside resources to a joint initiative. In some cases, the President has recognized that a particular challenge is best met by complementary efforts within and outside of government, like the Welfare to Work Partnership or the National Campaign to Prevent Teen Pregnancy.

- **Sharing information** – another group of examples seemed to focus on information collection and dissemination, including use of both the Internet and grassroots networks to get information out to the public.

- **Improving the effectiveness of nonprofit organizations** – through the Vice President's Reinventing Government efforts, many agencies have made great strides at simplifying application and reporting requirements and making it easier for nonprofits to connect with the government as grantees, partners or advisors and promoting collaboration among nonprofits. Agencies also have strong networks to provide training and technical assistance to nonprofits, and can use government contracting to help build an organization's capacity. In addition, the federal government can provide financial and human resources to groups.

Although we were not able to include every example of the many, many submissions we received, **do these topics seem to cover the bases?**

Are there other types of collaborations that you think should be captured, either as a major category or a subcategory?

<u>Discussion of Barriers/Conclusions</u> — Gene Sperling to introduce; discussion jointly moderated

- Through our consultation with representatives of the federal agencies and a variety of nonprofits, we identified several successful practices as well as barriers to effective partnerships between government and the nonprofit sector. We'd like your feedback to let us know how we can further develop these sections of the report.

Elements of strong partnerships

Among successful partnerships we found that:

- The building of strong relationships was an early priority of the agency.
- The organization and agency had a shared goal.
- The agency approached the relationship as a true partnership with both sides contributing, rather than involving the nonprofit as an afterthought.
- The agency dedicated staff resources to building and sustaining the partnership.
- The nonprofit organizations involved had or were provided adequate resources to support the partnership.

What have your experiences been with fostering these elements of successful partnerships?

Are there other critical elements that were not on this list?

[GENERAL DISCUSSION]

Barriers

What are the barriers to successful government-nonprofit partnerships? Some that we've heard to date from agencies have been:

- Staffing limitations.
- Legal restrictions (conflict of interest rules, restrictions on accepting contributions, etc).

What other barriers have you faced?

In what cases have you encountered any of these barriers?

How have you tried to overcome these barriers? How successful were your efforts?

[GENERAL DISCUSSION]

Areas for improvement

The Task Force also identified areas where nonprofit organizations sought specific improvements in some agencies' approaches to working with them:

- Nonprofit access to information.

- Unclear points of entry.

- Opportunities for early involvement in policy development.

- Paperwork and requirements can be overwhelming; need to continue reinventing government effort.

How have you already started to tackle these problems? Could other agencies use your approach?

How can we institutionalize better communication and access to information for nonprofits dealing with federal agencies?

[GENERAL DISCUSSION]

Future Policy Directions

Some conclusions that we've heard so far in conversations about future policy directions include:

- Greater attention is needed to the overall health of the nonprofit sector.

- The federal government should explore whether any programs currently assisting small business should be open to nonprofit organizations.

- A study should be undertaken of possible additional assistance to nonprofit organizations that could be facilitated by the federal government.

- Different structures for housing this function should be explored, such as tasking an existing agency with the responsibility.

- In particular, attention should be paid to the sector's technology needs, including training, before the "digital divide" leaves behind many nonprofit organizations.

Which of these topics resonate with you? What else would you add to this list? How would you suggest accomplishing these?

[GENERAL DISCUSSION]

V. Next Steps – Bruce Reed

- For those of you who may be moving on **during this time of transition,** I would strongly **encourage you to pass along your enthusiasm and knowledge in this area,** and where it is possible, to build these partnerships with nonprofits into your Department's routine operations. We have made great strides in the Clinton-Gore Administration, and it is important that those efforts continue and grow.

- **How can this document be publicized throughout the agencies?**
- **How can we encourage agencies to plan further efforts to reach out to and be receptive to nonprofit organizations? How can we best ensure that the reinventing government efforts continue on into the next administration?**
- [GENERAL DISCUSSION]
- I want to **thank you** for sharing your thoughts with us today and throughout this process. It will certainly improve the report and help us make this an even stronger resource for others.

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ATTENDEES

Divider Title:____

Attendees for Nonprofit Task Force meeting 11/27:

Agriculture:
Joel Berg
USDA Coordinator of Community Food Security

Commerce:
Maxie Hollingsworth
Special Assistant for Policy & Strategic Planning

Barbara Retzlaff
Director, Office of Budget

Corporation for National Service:
Melody Scales
Special Assistant to CEO

Education:
Adam Honeysett
Program Analyst, Office of Intergovernmental Affairs

EPA:
Margaret Morgan-Hubbard
Director, Office of Communications

FEMA:
Barry W. Scanlon
Director of Corporate Affairs

HHS:
David Evan Sobelman
Special Assistant to the Chief of Staff

HUD:
Father Joseph R. Hacala
Director, Center for Community and Interfaith Partnerships

Jennifer Quinn
Special Counsel to the Secretary

Interior:
Suzy Hubbell
Deputy Director of External Affairs

Justice:
Deborah Smallover
Associate Deputy Attorney General

Daphene McFerren
Counselor to the Attorney General

Labor:
Felipe Floresca
Senior Advisor to the Assistant Secretary

OPM:
John Sepulveda
Deputy Director

Lillian Fernandez
Senior Advisor to the Deputy Director

Marjorie Tarmey

SBA:
Michele Kreiss

David Ashley
Marketing Researcher, Office of Marketing

State:
Marthena Cowart
Deputy Assistant Secretary, Bureau of Public Affairs

Olive Sampson
Director, Office of Public and Intergovernmental Liaison, Bureau of Public Affairs

Annette Aulton
NGO Coordinator, Bureau of Public Affairs

Margaret "Yvonne" O'Brien
Senior Coordinator, Nongovernmental Organizations, Office of Public Liaison

Treasury:
Lisa Andrews
Deputy Assistant Secretary, Public Liaison

White House

CEA:
Kathryn Shaw
Council Member

Kathleen McGarry
Senior Economist

Domestic Policy Council:
Andrea Kane
Special Assistant to the President

Julie Bosland
Assistant Director, Welfare Reform Team

First Lady's Office:
Shirley Sagawa
Deputy Assistant to the President and Deputy Chief of Staff to the First Lady

Matthew Nelson
Assistant to the Deputy Chief of Staff and Assistant Director of Research

Millennium Council:
Ellen Lovell
Director

Anne Donovan
Deputy Director

Malcolm Richarson
NEH Representative to the White House Millennium Council

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Divider Title: **CEA - PHILANTHROPY REPORT (DRAFT)**

Philanthropy in the American Economy
A report by the Council of Economic Advisers

Executive Summary

As a follow-up to the 1999 White House Conference on Philanthropy, this report provides an economic analysis of philanthropic behavior in the United States. It discusses trends in giving over the past several decades and highlights the economic explanations behind the observed increase in donations. The report also discusses possible future directions for philanthropy and how even greater giving might be encouraged. Among its main findings are:

• *Charitable giving reached a record high in 1999.* In 1999 Americans donated over $190 billion. This represents an increase of 41 percent since 1995. Furthermore, giving has increased sharply as a fraction of the Gross Domestic Product, rising from 1.7 percent of GDP in 1995 to 2.1 percent in 1999.

• *Growth in the income and wealth of the population explains much of this trend.* Average net worth for the sample of families we analyze grew by an estimated 28 percent between 1992 and 1998 and average income increased by 15 percent over the same period. Both income and wealth are strongly positively related to the probability and amount of giving.

• *Individual giving accounts for the largest fraction of all charitable giving.* In 1998, 70 percent of American households made a charitable contribution and individual giving accounted for 85 percent of all donations. Although the largest fraction of giving is attributable to individuals, the fastest growing component of philanthropic activity was giving by foundations, which rose by 72 percent from 1995 to 1999.

• *The elderly are more generous donors than any other age group.* Controlling for differences in income and wealth, those aged 65 and over are approximately 25 percent more likely to make a charitable contribution than younger individuals, and when they do give, they give $500-$600 more per year on average. Furthermore, because these calculations do not include charitable bequests, the true difference in the total amounts given by the elderly and the non-elderly is likely to be even larger.

• *Single women are more likely to give than single men.* When differences in economic resources are accounted for, single women are significantly more likely to make charitable contributions than are single men. Within the population of unmarried women, women who have never been married are more likely to give than widowed or divorced women.

• *African Americans are more likely to give than whites.* After accounting for differences in income, wealth, and education, African Americans are more likely to make charitable contributions than whites, and on average give approximately the same amount as white Americans. Other evidence suggests that minorities are under-used resources with respect to philanthropic giving.

• *The New Economy has brought changes in the methods of giving*. The Internet has affected philanthropy as it has so many aspects of American life. Internet sites now provide information about charitable organizations, help match donors with causes, and provide a convenient way to make contributions. Lessons learned from the venture capital sector are also being applied to philanthropy. Although still in their infancy, these developments have the potential to increase the amount of giving and to improve the efficiency with which grants are used by the recipients.

• *The aging of the baby boomers is good news for philanthropy*. Because both older Americans and those with greater wealth give more, the aging of the baby boomers and the wealth of that cohort point to the likelihood of a dramatic growth in giving, perhaps increasing by several hundred percent over the next couple of decades.

• *The Administration's tax policies will likely also lead to increases in giving*. Both economic theory and empirical studies indicate that Americans respond to financial incentives to give. Through the tax deductibility of charitable contributions, both *inter vivos* gifts and bequests are increased in number and size. Recent proposals to extend the deductibility of donations to those who do not itemize on their income tax returns, and to simplify other aspects of the tax code, will likely result in further increases in giving. Evidence suggests that eliminating the estate tax will decrease charitable bequests.

INTRODUCTION

The tradition of philanthropy in the United States is as strong as ever. Americans donated a record $190.2 billion in 1999. Adjusted for inflation, this represents a 41 percent increase just since 1995, and a more than doubling since 1980. Americans also gave generously of their time, although volunteerism is not the focus of this study. In 1998, citizens gave an estimated 20 billion hours volunteering for charitable organizations. In fact, over half (56 percent) of adults volunteered that year, the highest percentage in at least a decade. These gifts of both time and money help support an estimated 1.6 million nonprofit organizations and religious congregations in the United States.

Philanthropy is at an important crossroads in its development. As our nation becomes more diverse, women and minorities will likely play a more prominent role in charitable giving. Technology is also changing philanthropy, with the Internet providing new ways to give. Moreover, new strategies are being used to increase the efficacy of charitable work, such as path-breaking partnerships between nonprofits, government, and business, as well as new concepts in giving such as those embraced in "venture philanthropy."

In October 1999 the President and the First Lady hosted the White House's first Conference on Philanthropy to highlight these trends in giving, and to emphasize the importance of our philanthropic tradition and the responsibility of all Americans to teach and sustain that tradition. At the conference the President asked the Council of Economic Advisers to prepare a report on the role of philanthropy in the economy and on ways to encourage Americans to give more.

This report provides that assessment. It begins with an overview of recent trends in giving, pointing to the rise in giving relative to the size of the economy in recent years. At the same time, however, the report provides a cautionary analysis of individual giving, suggesting that Americans may not be inherently more generous than they have been in the past. In particular, the amount that people give at any particular level of income and wealth appears to be about the same as in the past, but the sheer amount of wealth has increased dramatically, leading to an increase in charitable donations. The New Economy and the explosion of wealth have also fostered new methods of giving that may result in even greater contributions in the future. To ensure that the current high levels of giving continue even in times of slower economic growth, it is important that we invest now in strategies that encourage future philanthropic behavior.

RECENT TRENDS IN GIVING

As background for further analysis, this section provides a concise overview of important recent trends in charitable giving.

Overview

Philanthropic giving rose by over 40 percent between 1995 and 1999, to $190 billion. This was faster than aggregate economic growth, and giving as a share of GDP has increased to levels close to those last seen in the 1960s.

Total philanthropic giving has risen strongly in the past 5 years, increasing over 40 percent from $134.7 billion in 1995 to $190.2 billion in 1999, using inflation-adjusted 1999 dollars (see Chart 1).[1] This increase is equally impressive when compared to measures of economic growth. Since 1995, growth in charitable giving has outpaced even our strong economic growth with the aggregate level of giving rising relative to the Gross Domestic Product or GDP (see Chart 2). This recent increase has reversed a decline in the early 1970s that left charitable giving fluctuating in a range roughly around 1.75 percent of GDP for two decades. At a ratio of 2.1 percent in 1999, giving as a share of GDP has nearly returned to the highest levels of the 1960s.

Chart 1. Total Giving, 1960-99

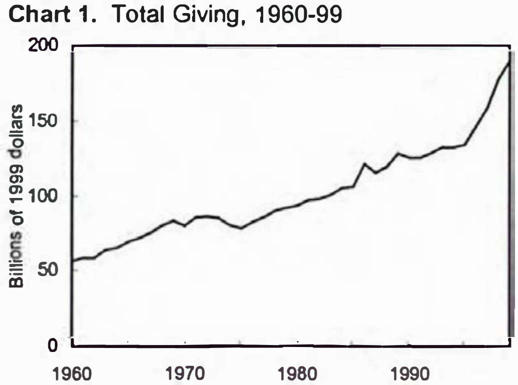


Chart 2. Giving as a Share of GDP, 1960-99

Sources of Giving

Individual giving remains the primary source of American philanthropy, while gifts by foundations have shown the fastest growth.

Including both *inter vivos* gifts and bequests, individuals accounted for nearly 85 percent of all giving in 1999, with the rest coming from foundations and corporations (see Chart 3). Total individual giving also accounted for the majority of the $55.5 billion increase in giving in

[1] The Independent Sector, *Giving USA, 2000*. For our calculations in this report, nominal figures were inflation-adjusted using the CPI-U-RS series where available (1977 to 1999) and the CPI-U series for prior years. *Giving USA* uses the CPI-U series only, so the inflation-adjusted figures presented in that report differ somewhat from those presented here. When citing other research, we use the CPI-U in an attempt to be consistent with the assumptions of these studies.

between 1995 and 1999, rising by $44 billion over this period, or approximately 40 percent. However, the fastest-growing component of giving was giving by foundations, which increased by 73 percent from $11.47 billion in 1995 to $19.8 billion in 1999.[2] Since 1960, giving by foundations has increased fivefold.

There has also been a large increase in giving by corporations, which increased by more than 38 percent between 1995 and 1999 (see Chart 4).

Chart 3. Sources of Giving, 1999

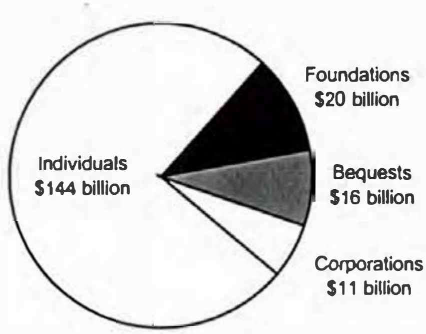
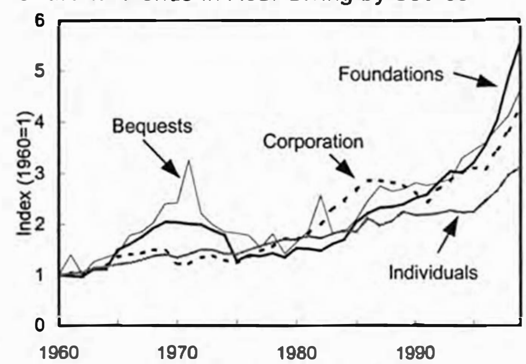


Chart 4. Trends in Real Giving by Source



Explanations for the Increase in Foundation Giving

Several economic factors have contributed to the growth in foundation giving. First, stocks comprise a large share of foundations' portfolios, particularly among foundations with the greatest assets. As the value of stocks increased sharply during the 1990s, the assets of foundations did as well. Because private foundations must donate 5 percent of the value of their assets each year to maintain their tax-exempt status, as the value of their endowments grew, the amount given by foundations also increased. Second, the continued low inflation rate helped maintain the real value of multi-year grants denominated in nominal dollars. Third, a substantial number of new foundations were established. Over half of all large foundations currently in existence were founded after 1980, and 30 percent were created after 1990. These newly active foundations were responsible for 20 percent of the growth in foundation giving between 1997 and 1998.

[2] Of course, all philanthropy can be traced back to individuals. In addition to providing direct gifts to nonprofits and charities individuals provide the seed money for foundations, and employees or other stakeholders provide the resources for corporate giving. To the extent that foundations redistribute the funds received from individuals in the same year in which they are received, there will be a double-counting of donations—both the donation to the foundation and the foundation's subsequent donation to a charitable cause will be included in total giving. An approximation of the extent of this over-counting can be derived by assuming that foundations give away 5 percent of any increase in endowment. Subtracting 5 percent of the value of individual gifts to foundations from the total giving by foundations yields a reduction in giving by foundations in 1998 of approximately $1 billion.

Implications

Philanthropic activity as a percentage of GDP increased sharply in the second half of the 1990s with the majority of this growth coming through increases in individual giving. This rapid increase has allowed the nation to match the generous rates of giving as a fraction of GDP last observed in the 1960s. If we are to maintain these rates and avoid the declines experienced in the 1970s, it is critical that we learn more about both individual giving and the increasing prominence of foundations.

As subsequent sections of this report will show, the strong economy is a key determinant of these trends. During the 1995-99 period, the economy grew at an annual rate of 4.1 percent, the unemployment rate averaged 4.9 percent, and inflation remained low. Wealth also increased dramatically. Adjusting for inflation, the average net worth of American families increased from $224,800 in 1995 to $282,500 in 1998. These factors helped give Americans greater financial resources to spend, invest, and donate to the causes they support. The rising stock market also increased the assets of foundations, and because of legal requirements on distributions, the amount foundations have given.

In addition to assessing the extent to which the growing economy has contributed to the increase in philanthropy, we also examine the possibility that the increase in giving may reflect, in part, a new, more generous attitude towards philanthropy. We find little evidence to support this hypothesis. Because this enormous increase in giving was accomplished with little if any change in individual generosity, initiatives designed to instill a greater desire to give remain a potentially fruitful avenue to explore in an effort to increase giving further.

THE CHARACTERISTICS OF INDIVIDUAL GIVERS

Economic Means and Household Giving

Personal giving is broadly based, with generosity displayed by families at all levels of income and wealth. In terms of the total value of charitable giving, however, a disproportionate share comes from those with high incomes or considerable wealth.

Charitable giving in the United States is a tradition practiced by a broad segment of the population. In 1998 an estimated 70 percent of households reported making a charitable contribution. Even among those with incomes under $10,000, almost half (48 percent) made a donation and the proportion of givers reached nearly 90 percent for families with incomes greater than $100,000.

The breadth of charitable activity and the variation in the resources of the donors suggests that charitable giving can best be understood by examining behavior on an individual level. To do so, we draw on the Federal Reserve Board's Survey of Consumer Finances (SCF) using data from the years 1989, 1992, 1995, and 1998.[3] We find that a small number of Americans are responsible for much of the giving. The 10 percent of respondents making the largest gifts were responsible for 74 percent of the total of all philanthropic contributions.

Not surprisingly, families in the SCF with higher incomes are both more likely to give and give greater dollar amounts than lower income families. In 1998, 70 percent of families in the top 20 percent of the income distribution made a contribution of $500 or more, and among those who gave, the average gift was $5,204. Because the survey limits reported gifts to those over $500, the fraction of families making a contribution is underestimated. This omission is likely to be particularly severe for the lowest quintile where gifts are expected to be smaller on average. We find that just 9 percent of families in the lowest 20 percent of the income distribution reportedly made contributions, but given the $500 cut-off, the average amount was substantial at $1,287.

Although many studies of charitable giving have focused on the role of income, a family's financial ability to make transfers is obviously determined by other factors as well. In particular, one would expect giving behavior to be strongly related to wealth. Because of data limitations, this relationship has been ignored in many studies. By using the SCF we can address this issue. We find that when examined across wealth quintile, very similar patterns to those for income exist for both the probability and amount of transfer: 69 percent of those in the highest wealth quintile made a contribution, and the mean amount was $5,299; 10 percent of those in lowest category gave, and gave $1,686 on average.

Chart 5. Giving as a Share of Income and Wealth

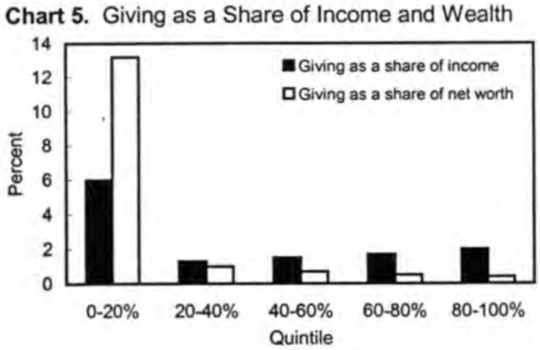


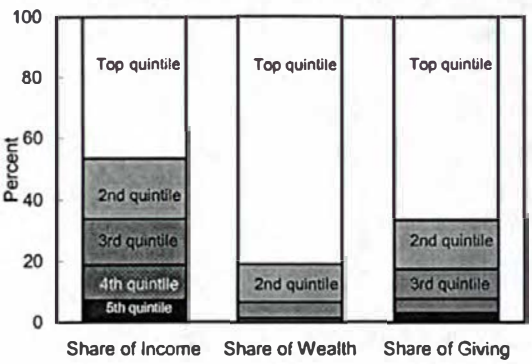
Chart 5 assesses giving relative to a family's financial means. Both families making a positive contribution and those making no transfer are included in the chart. Excluding the large spike for the lowest income quintile, the ratio of contributions to income rises consistently with income. Families in the 20-40 percent range of the income distribution on average contribute 1.3 percent of their income; those in the highest quintile contribute 2 percent. If families are instead grouped based on their position in the wealth distribution, we surprisingly find the reverse pattern, the share of net worth contributed to charities actually falls as net worth increases. Among those with positive net worth, families in the 20-40 percent range of the wealth distribution gave 1 percent of their wealth to charitable organizations, while the wealthiest gave just 0.4 percent.[4] Much of the wealth held by the highest quintile is likely to

[3] The Survey of Consumer Finances is a national survey conducted every 3 years by the Federal Reserve Board. The data set contains information about household income, wealth, and demographic characteristics. It also contains information about whether the household made contributions totaling $500 or more in the previous year, and if so, the amount. The survey has the unfortunate drawback that this $500 minimum on reporting misses contributions from families who gave less. However, it does allow us to examine the effects of both income and wealth for a representative sample of the U.S. population, an important advantage. Contributions below the $500 limit are estimated to account for 5-10 percent of total giving.

[4] This comparison is based only on those with positive levels of income and positive levels of wealth. A small fraction of families in the sample have negative net worth, but make a contribution. There are also families with

be in stocks. If these gains have not yet been realized, wealthy individuals may not yet have increased their giving in response to their newfound wealth. This hypothesis suggests that the giving of the wealthiest Americans may increase in time.

Chart 6. Income, Wealth, and Giving by Quintile



Despite the smaller share of net worth given to charity by the wealthiest, the vast majority of giving comes from just such families (Chart 6). The wealthiest 20 percent of families in the SCF made 67 percent of all charitable contributions. They held 81 percent of the wealth, and received about 47 percent of the income. In contrast, the bottom 20 percent contributed 3.2 percent of all donations, held -0.4 percent of the wealth, and received 7.4 percent of the income.[5]

The Relationship between Income and Wealth, and Charitable Giving

Many factors affect the decision of how much to give. When we take into account a broad array of personal characteristics, we find that changes in both income and wealth play a significant role in defining recent trends in giving. Also, we find no evidence to support the view that increases in giving have been driven by changes in tastes or preferences, leaving open the possibility of future changes in this direction.

The previous section separately examined the relationships between charitable giving and the income and wealth of families. To obtain a more accurate understanding of the factors that influence philanthropic behavior, it is necessary to take into account simultaneously a broad array of characteristics. Ignoring important determinants of giving will likely lead to incorrect conclusions about the observed relationships. For example, giving as a percent of GDP has risen (Chart 2). Based on this observation alone, one might argue that Americans have become more generous, in that they are giving a greater fraction of their incomes to charities. However, this simple conclusion ignores changes in factors other than income that may have contributed to this rise. In particular, it ignores any effect of the recent increases in wealth.

Beyond income and wealth, giving may also be influenced by factors such as gender, race, age, and education - we control for these factors in our analysis.[6] Furthermore, because the data cover a span of years, we can also examine differences in giving over time, exclusive of changes in these other factors. If there are overall increases in the propensity to give and/or the amount of gifts that are not explained by the observable characteristics, one could begin to

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negative income who make contributions. To avoid the difficulties associated with these calculations, Chart 5 uses a restricted sample. The numbers for the lowest quintile should therefore be viewed with caution.

[5] As noted in above, a substantial fraction of total contributions (5-10 percent) are not captured in the SCF because of the $500 minimum. Thus the fraction of income and wealth donated is underestimated. If these smaller contributions come disproportionately from the lowest income (or wealth) quintiles, then giving as a share of income (wealth) will be even higher fractions among these groups relative to the other quintiles.

[6] The regression analysis uses nonlinear specifications for income, wealth, age, and education, and also includes controls for marital status and number of children.

contemplate the possibility of an increase in generosity. However, any observed changes in giving over time could also be due to changes in factors not included in our statistical model, such as changes in government transfers, tax laws, or expectations about future economic conditions.

One of our key findings is that wealth and income have independent effects on giving; charitable donations increase in response to increases in either variable. Because both income and wealth have increased throughout the period of analysis, some of the observed increase in charitable giving highlighted in Chart 1 is attributable to a "income effect" and some to a "wealth effect."

At the same time, however, we do not find any evidence of an increased preference for giving over time. Rather, we find subtle indications that preferences for giving may have actually decreased slightly between 1989 and 1995, before rebounding in 1998. Thus there remains the potential to build on recent increases in giving by improving attitudes about giving.

Beyond the roles of income and wealth, our findings shed light on the variation in giving by age, education, race and ethnicity, and sex. We find that the relationships observed in our multivariate analysis differ substantially from the conclusions drawn based on simple cross-tabulations of the data. We now discuss these results.

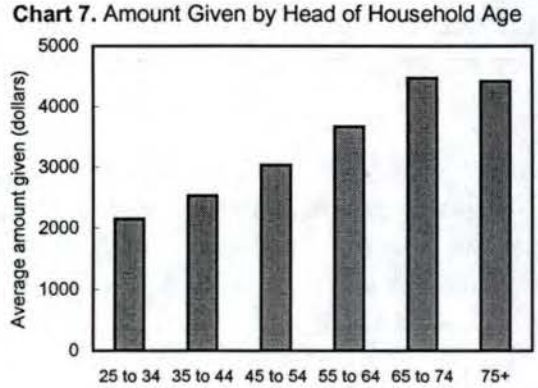
Age

Older families (in which the family head is aged 65 or over) at every level of income are generous givers. Holding constant differences in financial resources, they are more likely to make a contribution than younger families, and when doing so, give a larger amount.

The aging of the American population has been highlighted in discussions about the future of Social Security and the impending difficulty of supporting a large population of retired individuals. For charitable organizations, however, this trend may provide substantial benefit.

Preliminary results from the forthcoming *Giving and Volunteering 1999* demonstrate a substantially lower propensity to give among those under age 35, but no clear age trend thereafter; the probability of making a contribution peaks at 78 percent for the 65-74-year-old age group, but is nearly identical to the 77 percent for those ages 45-54. Similar patterns are found with respect to the amount. While the probability of giving and the levels given are similar across ages, there is a monotonic increase with age in giving as a fraction of income. This figure rises from 1.5 percent for those ages 25-34 to 2.5 percent for those 65-74. Those aged 75 and over contribute an astounding 4.6 percent of their income.

A stronger, relationship exists between age and the probability of a charitable contribution in the SCF data. The percent of households making a donation peaks at 40 percent for those ages 45-54 and falls slightly to 34 percent for those ages 75 and over. The difference between the age patterns in the *Giving and Volunteering* data and the SCF data in part reflects the $500 lower limit on giving in the SCF, but also may reflect changes over time. Data from



Giving and Volunteering 1996 show a similar pattern to that in the SCF data. Because our SCF data are compiled from the 1989, 1992, 1995, and 1998 surveys, the patterns in giving for 1996 reported in *Giving and Volunteering* may more closely match the SCF data. Among those who make a charitable donation in the SCF data, the amount increases with age, from $2,536 for those ages 35-44 to $4,423 for donors ages 75 and over (see Chart 7).

One would not want to conclude solely from these descriptive results that the elderly are more generous than the non-elderly; there are also large differences in income and wealth by age that need to be controlled for. Few elderly are employed, and they therefore have lower incomes than the working age population, while at the same time they may have more wealth. Conversely, younger people in the early stages of their careers may have relatively high incomes but little wealth. However, even controlling for these and other variables, we find that the elderly do appear to be more generous; both the probability and the amount of giving increases monotonically with age. Those age 65-74 are 24 percent more likely to make a gift than those aged 45-54 and conditional on making a gift, contribute $460 more on average. Those aged 75 or older are even more likely to give (28 percent more likely than those aged 45-54) and give $620 more on average. Furthermore, because reported gifts in the survey do not include bequests, the total amount of giving in the older age brackets will be even higher than reported.

Individuals in the age group 25-34 are significantly less likely to make donations than those ages 45-54, but those who do give similar amounts. On the one hand, one would imagine that a 30-year-old with the same levels of income and wealth as a 50 year old should be better off in lifetime terms, having many more years over which to experience growth in earnings and wealth accumulation. On the other hand, this group is also facing many demands on their financial resources, including those of supporting children. Their relative ability to make donations is therefore unclear.

While the elderly do appear to be more generous than other age groups, it is impossible to infer from these statistics whether the current young will be equally generous when they reach their retirement years, or whether the current cohort of elderly has always been exceptionally willing to give. However, the relatively low rate of giving among younger families does suggest that recent initiatives to simulate giving among the young may be well directed.

Education

Giving is significantly higher among more educated households in terms of the percentage of households making contributions, the dollar amount of those contributions, and the percentage of household income donated.

Based on preliminary figures from *Giving and Volunteering 1999,* 61 percent of respondents with a high school degree or less reported making a donation in 1998, up from 59 percent in 1995. Among donors, the average household in this group gave $584 or 1.7 percent of household income. A higher share (72 percent) of households with some college education, but not a degree, reported making a donation, with an average level of giving among donors of $963, or 1.9 percent of household income. However, the fraction of this group making a donation was lower than in 1995. Giving was even higher for those with a college degree: 82 percent of households gave an average of $1,748, or 2.5 percent of household income—nearly 50 percent higher than for those with only a high school degree. An identical trend of higher giving among those with more education is found in the SCF data.

Of course, more educated households also tend to be higher income, higher wealth households. So much of the relationship between giving and education may be picking up the effects of financial status rather than those of education. When holding income, wealth, and other factors constant, we continue to find a strong positive relationship between education and giving. If the head of the household has a college degree, then the family is both more likely to give and tends to give greater amounts. This result indicates that there is a separate effect of education in addition to the effects of income and wealth. Two hypotheses are consistent with this finding. First, education itself may instill a greater "preference" for giving as one learns more about the world. Alternatively, college graduates may have lifetime earnings prospects that are not fully represented by their current income and wealth. Holding income, wealth, and age constant, a college graduate may expect greater future income than a high school graduate and may therefore be more comfortable giving a larger amount. Unfortunately, our data do not allow for a test of either explanation.

Gender

Patterns of giving for women differ substantially by marital status. Never-married women give more often and greater amounts than single males, while widowed or divorced women give less.

Examining differences in giving by gender is complicated by the fact that surveys report a single response for a household. This is true in both the survey used to collect data for the *Giving and Volunteering* reports and in the SCF. In these cases it is impossible to distinguish between the philanthropic behavior of husbands and wives. To identify the relationship between gender and giving we therefore categorize respondents as married couples, single males, or single females, and compare the actions of single males and single females. Our results show that single females are equally likely to make a transfer as married couples, but single males are significantly less likely to do so. With respect to the amount given, single females give less than single males, but the difference is not significant.

Much attention has recently focused on women and philanthropy (see box). We therefore look more closely at the patterns of giving for women. We subdivide the category of single women into two groups, those who are widowed or divorced, and those who have never been married. The results show that never-married women are actually somewhat more likely to give than couples although the estimated difference is not significantly different from zero, while widows are less likely to give. Similar patterns are evident for the amounts: single women give slightly more than widows, but the difference is not significant. While these differences control for the number of children, there may be other factors in family relationships that affect giving for which we do not control. Depending on the underlying cause of the observed difference, outreach programs designed to encourage giving by women might be most effective if targeted at widowed women.

Women & Philanthropy

American women have the potential to become leaders in philanthropic giving. Currently they control more than 51 percent of the personal wealth in the United States and own a third of all privately held businesses. Furthermore, because women typically outlive their husbands, they are projected to inherit many trillions of dollars in the coming decade. This untapped potential represents an important opportunity for the philanthropic community.

Women's giving patterns have traditionally mirrored those of their husbands; however, a shift in behavior has begun, with women becoming more involved in giving. Younger women in particular are more likely to make their own choices with respect to charitable giving, and there is reason to believe that as older women become more confident in financial management skills, they too will begin to act independently.

Organizations are beginning to reach out to encourage philanthropy among women, with many colleges and universities leading the way. Institutions are expanding efforts to not only encourage women's giving, but also to study, understand, and support women's philanthropy. In 1992 the University of California, Los Angeles (UCLA) established "Women & Philanthropy at UCLA". As part of its mission it encourages women to give, helps women tailor their giving to areas that suit their own interests, and helps women develop the skills necessary to assume leadership positions on campus. Members of the Women & Philanthropy program are provided opportunities to meet with UCLA researchers and to attend special campus events. The program has been a success, raising over $20 million in the 1999 fiscal year alone. Many other institutions, including Oklahoma State University, the University of Missouri at Kansas City, and Purdue University, have similar programs.

Anecdotal evidence suggests that women are motivated to give by different factors than men, in particular, women appear to be less interested than men in giving publicly. A recent survey by the Committee of 200, a group of successful business women, found that just 3 percent of women donors indicated that they would be interested in having a building named in their honor or even a plaque engraved with their name, while 40 percent preferred no recognition. Instead of publicity, women often cite personal gratification or having an impact as the motivation for giving. In accordance with these principals, women prefer to maintain contact with the projects they fund and with the people involved. They also tend to direct their gifts towards specific purposes such as athletic teams, women's scholarships, and specific facilities (a new concert hall or a women's gymnasium, for example) rather than to endowment campaigns. However, as women take on new roles in the business world and learn more about philanthropy, this distinction between men and women appears to be fading. In a 1999 follow-up to a 1992 survey, UCLA's Women & Philanthropy group found that women are becoming less likely to give solely because they are interested in the cause, and are beginning to treat philanthropy in a more business-like manner.

Race and Ethnicity

Evidence suggests that contributions differ by race and ethnicity. When adequately accounting for differences in economic status, African Americans are more likely to give than whites, and the amounts given are similar for the two groups. This conclusion contrasts sharply with results obtained when differences in financial resources are ignored.

Despite significant increases over the past 8 years in the household incomes of minorities, there remains a substantial gap between the economic resources of African Americans and Hispanics and those of whites. This gap is likely to be reflected in the amount of donations that families can afford to make. When ignoring these important differences in resources it does appear that both African American and Hispanic families are less likely to give and give less than white families. Preliminary results from *Giving and Volunteering 1999* show that 75 percent of whites reported making contributions in 1998 compared to 52 percent of African Americans and 63 percent of Hispanics. Because African Americans and Hispanics on average have lower income and wealth than whites and are therefore likely make smaller donations, one would expect the $500 minimum on giving in the SCF to miss more minority giving.[7] In fact, giving by all groups is lower in the SCF than in *Giving and Volunteering 1998*, and the percentage change is the largest for Hispanics. Thirty-five percent of whites in the SCF made a donation, compared to 21 percent of African Americans and 12 percent of Hispanics. The dollar amounts given in the SCF also differ by race/ethnicity. Whites gave an average of $3,356, African Americans gave $2,459, and Hispanics $1,627.

When differences in income, wealth, schooling, and other observable characteristics are taken into account, these conclusions change dramatically. With adequate controls for economic status, our analysis shows that African Americans are actually significantly *more* likely to give than whites. Hispanics remain significantly less likely than whites to have made a contribution.[8] Among those who do give, African Americans give slightly larger amounts than whites, but the difference is not statistically significant. This dramatic change in the pattern of giving by race when a broad array of characteristics is controlled highlights the importance of multivariate analysis. In particular, if we ignore the differences in wealth levels in our analysis, as is done in many studies, but control for the other variables, the slight difference between African American and white giving is attenuated.

[7] We caution the reader that our conclusions about racial and ethnic differences are based on analyses of relatively small samples.

[8] However, because the difference between the SCF and the *Giving and Volunteering* numbers for the fraction of the population making a gift is significantly larger for Hispanics than for whites or African Americans, it appears that measures of Hispanic giving are more sensitive to the $500 cut-off, and giving may be substantially underreported. Therefore, we view the results for Hispanics with caution.

Factors other than differences in financial resources and schooling are also likely to be important in explaining the difference in giving across racial and ethnic groups. Differences in exposure to opportunities to give and the desired beneficiaries of charitable giving are also likely to matter. *Giving and Volunteering 1996* reports that African Americans and Hispanics are asked to give much less often than whites. One study reported that Hispanics receive an average of 15 to 20 requests for donations per year compared to 300 for other groups. And yet, another study found that when asked, African Americans and Hispanics were more likely to respond positively to a request than whites. If solicitations serve to increase giving, then organizations are overlooking an important resource by not soliciting donations from African Americans and Hispanics at greater rates.[9]

Experts on philanthropy in minority communities have also argued that minority giving is less likely to be included in existing data on giving because much of it is done informally. For instance, many Hispanics send remittances to extended family in other countries; estimates are that Hispanics living in the United States send at least $3 billion per year to Mexico alone. By excluding this type of giving, the survey data used in published studies may underestimate giving by Hispanics relative to other groups.[10]

Even within the formal philanthropic sector, minorities choose different recipients than do whites. They are less likely to contribute to endowment campaigns, and instead focus their giving on religious institutions and organizations or on efforts that meet pressing needs. The low participation of minorities in formal philanthropic giving is potentially a result of the services provided by many charitable organizations. In 1997 just under 8 percent of all foundation grants went to minority concerns. Thus one way to motivate minorities to give more is to provide increased opportunities to give to organizations that more directly address their concerns. One organization that does appear to attract a significant amount of gifts from minorities is the United Way. In a 1996 survey 26 percent of whites, 30 percent of African Americans, and 24 percent of Latinos reported making contributions to the United Way in the previous 12 months.[11]

Minorities, like women, have less of a history of giving to formal philanthropic organizations. This implies that outreach activities aimed particularly at these communities, like those discussed earlier that target women, may yield increases in giving. Some organizations are beginning to understand the potential. Fundraising programs using Spanish language materials and foundations using their grants to fund programs in Hispanic communities have had increasing success. These efforts indicate that by addressing the needs and concerns of minorities, charitable institutions can substantially increase the contributions of these groups.[12]

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[9] The direction of the relationship between solicitations and giving is not clear. As noted later in the paper, it may be that organizations ask for contributions from those who are more likely to give (perhaps because of financial capabilities) or who have given generously in the past.
[10] *Giving USA Update*, Issue 2, 1999.
[11] *Ibid.*
[12] Henry Ramos, "Latino Philanthropy: Expanding US Models of Giving and Civic Participation," 1999.

Bequests

Among the very wealthy a large fraction of charitable giving is done through bequests.

Because the statistics in the previous section are derived from survey respondents, there is no information on the distribution of bequests. We therefore know much less about trends in charitable bequests for representative samples of the population than we do about *inter vivos* giving. Instead of surveys, past studies of bequests have drawn on data from estate tax returns. These tax returns are filed only by estates that have made bequests and taxable gifts which total to more than the tax-exempt limit ($675,000 in 2000). While these estates are not representative of the estates of all decedents, they are likely to be responsible for the vast majority of charitable bequests.

For many wealthy individuals, bequests are an important mode of philanthropic giving. In 1992 only 19 percent of estates filing tax returns made a charitable bequest, but the total amount given was $10.0 billion (inflation-adjusted 1999 dollars), equal to 8.5 percent of the total net worth of the estates and significantly higher than the fraction of income or wealth given in a particular year. Furthermore, among those who did make a charitable bequest, a significant fraction of the estate was donated with bequests equal to 27 percent of net worth.[13]

The magnitude of charitable bequests made by the wealthy often surpasses their *inter vivos* giving in magnitude. Using estate and income tax return data, a recent study finds that, on average, wealthy decedents gave $8.9 million (inflation-adjusted 1999 dollars) to charities at death, compared to just $3.1 million during the 10 years prior to their death. For the wealthiest segment of the population, those with estates valued at more than $100 million, bequests accounted for 78 percent of charitable giving over the final 10 years of life.[14]

As with *inter vivos* giving, there are differences in bequest behavior by gender. Because wives typically outlive their husbands, female decedents are much less likely than male decedents to be married at the time of death, and to leave assets to a surviving spouse. Likely because of this difference, females leave a greater fraction of their estates to charity. In 1992 female decedents left 10.1 percent of their net worth to charity on average, compared to 7.5 percent for males. This difference in philanthropic behavior between males and females reverses when one examines only the behavior of those who have already lost their spouse; widows left 12.1 percent of their net worth to charity while widowers left 12.6 percent.[15]

Summary

Income and wealth are important determinants of charitable giving. Over the past decade income and wealth have increased substantially with charitable giving following suit. Because we cannot guarantee equally strong economic growth into the indefinite future, further increases

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[13] Internal Revenue Service, "Statistics of Income Bulletin," Winter 1996-97.
[14] David Joulfaian, "Charitable Giving in Life and Death," forthcoming in William Gale and Joel Slemrod, editors, *Rethinking Estate and Gift Taxation* (2000).
[15] IRS, Winter 1996-97.

in philanthropic behavior can perhaps best be attained by tapping under-used groups: encouraging giving among the young, widows, single men, and minorities. We return to this issue in the final section of the paper.

RECIPIENTS OF CHARITABLE GIVING

Contemporary philanthropy supports a wide range of activities and causes. As the amount of charitable giving has grown, there have also been changes in the way in which money is distributed to the various types of philanthropic organizations.

Religion is by far the single largest recipient of contributions, while gifts to foundations are the fastest growing.

Chart 8. Recipients of Giving, 1998

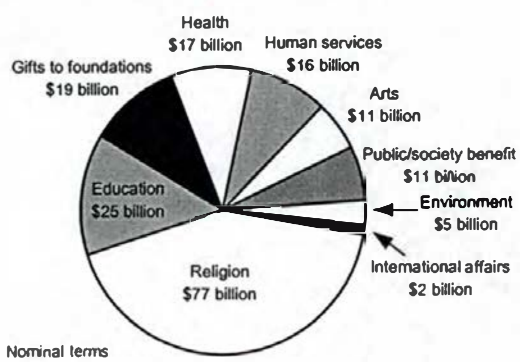
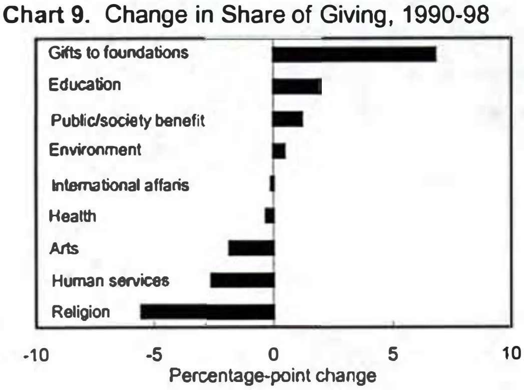


Chart 9. Change in Share of Giving, 1990-98



Based on data from *Giving USA 1999*, Religion is by far the single largest recipient of charitable giving, with about 44 percent of giving in 1998 going to religious organizations.[16] Education is the second largest recipient but trails religion significantly, with receipts of $27 billion in 1999, compared to $82 billion for religion in the same year.

Although the amount given to religion remains large, its relative importance has diminished recently. In contrast, gifts to foundations have experienced tremendous growth, increasing by 313 percent in real terms between 1990 and 1998. Indeed, 29 percent of the rise in total giving between 1990 and 1998 came from greater gifts to foundations, while such gifts were responsible for only 6 percent of the increase during the 1980s. In 1998 approximately $10 out of every $100 donated in the United States went to foundations, up from less than $4 in 1990. As a result of the relatively slow growth rate in religious giving and the rapid growth in other categories, religion's share of total giving fell over 5 percentage points in the 1990s, while the share going to foundations increased about 8 percentage points.

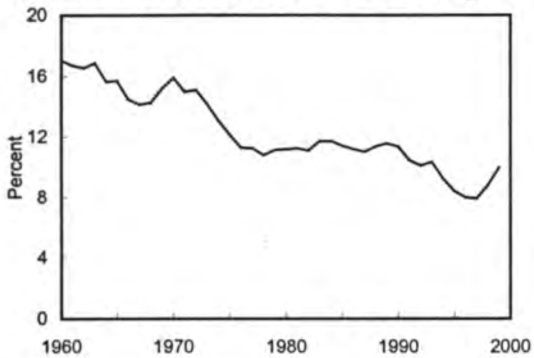
In addition to foundations, the shares of giving to two other categories—education and public benefit organizations—had significant but less dramatic increases. Giving to education

[16] Little of what is given to religious congregations is redistributed elsewhere. While approximately 86 percent of the revenue of religious congregations is derived from contributions, 82 percent of expenditures are for operating expenses or capital improvements.

rose from approximately 11 percent of total giving in 1989 to just over 14 percent in 1999. A sizable share of giving to education goes to higher education, and such giving tends to track the performance of the stock market in the short run and the overall economy in the longer run. Thus, strong economic growth and sharp increases in the stock market likely explain the increased prominance of education as a beneficiary of philanthropic giving.

An important longer-term change in philanthropy has been the decline in the share of giving going to human services (Chart 10). This category typically includes many social welfare agencies, although it also includes activities not necessarily focused on the poor (for example, disaster relief). In 1960 human services was the second largest recipient category (religion again was the largest). By 1999, however, human services was only the fifth largest, behind giving to religion, education, foundations, and health. The steady decline in the percentage of giving earmarked for human services appears to have halted; the share of giving going to this category increased by 1 percentage point from 1997 to 1999.

Chart 10. Human Services' Share of Giving



Similar patterns of recipiency are observed for charitable bequests. Religious organizations are the most common beneficiaries in terms of the number of estates making a donation. With respect to the amounts of the bequests, however, foundations are a primary recipient, second only to the category "other." In 1992, 28.8 percent of charitable bequests, or $2.4 billion, went to foundations. Educational and scientific organizations received a similar amount equal to $2.3 billion.[17]

The types of organizations to which donors contribute differ systematically by income level, with top earners focusing more on higher education and lower earners focusing more on religious giving.

Donors with different income levels tend to support different types of nonprofit organizations. For example, in comparison to other tax payers, the wealthy devote a much larger share of their contributions to education, health, and the arts and culture, with a much smaller share going to religious organizations than those with less wealth.

Because the very largest givers provide a substantial fraction of total contributions, it is worthwhile to examine the recipients chosen by these individuals. Such a study is provided by Slate, a web-based publication. Relying largely on newspaper accounts, Slate compiles lists of the largest gifts. In 1996 the top 90 gifts (worth about $1.5 billion in total) went primarily to fund higher education and medical research: 56 percent of the total value to higher education and about 17 percent to medical research institutions or medical centers. Eight percent of total giving was dispersed to private foundations, and the remainder funded other types of recipients.

[17] IRS, Winter 1996-97.

Men and women support different types of organizations: women are more likely to give to social services and males are more likely to leave bequests to foundations.

The limited evidence on the subject suggests that women donate to different causes than men. A recent small-scale study of the giving patterns of wealthy donors found that women are much more likely to support social services than men, with almost half of women respondents reporting a contribution in this area, compared to only about a fifth of men. In contrast, men were more likely to support education, with three-fourths making a donation to education, compared to only 57 percent of women. The study also found that women were more likely to support cultural activities and the environment, while men were more likely to donate to religion. Both sexes supported health about equally.

Differences in giving also exist for the distribution of charitable bequests. Women are more likely to bequeath assets to educational, medical, scientific, and religious organizations and less likely to leave their wealth to private foundations. In 1992, 35 percent of charitable bequests by female decedents went to educational, medical and scientific organizations, and 14 percent to religious organizations, compared to just 22 percent and 5 percent for males. In contrast, only 19 percent of the charitable wealth bequeathed by females went to private foundations, while this figure was twice as large for males.

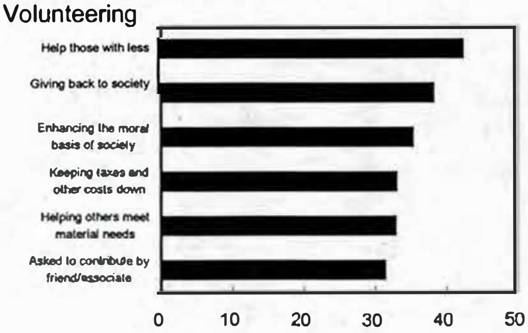
MOTIVES FOR PERSONAL GIVING

Motives for Giving

Beyond these demographic and economic characteristics, a more complicated set of issues relates to the personal motivations for giving. While any analysis of the motivations of givers is necessarily speculative, here we draw on both responses to survey questions about reasons for giving and analyses of economic behaviors to address the issue.

Survey evidence shows that important motives for giving include a desire to help others and to give back to society. Financial incentives arising from tax law are also important.

Chart 11. Major Motivations for Giving and Volunteering



The most direct way of examining donors' motivations is by asking individuals why they give. To examine responses to such a question, we again turn to data from *Giving and Volunteering 1996* (see Chart 11). The survey question used in this analysis asks for the reasons behind both financial giving and volunteering and provides a list of eight possible explanations. (It does not ask separately about motivations for financial giving.)[18]

[18] Although not analyzed in this paper, Americans are generous with their time as well as with their money. In 1998 an estimated 20 billion hours were spent volunteering for charitable organizations. In fact, over half (56 percent) of adults volunteered that year, the highest percentage in at least a decade.

Respondents are asked whether each motive was a major or minor reason for their giving, or not a factor at all. "Feeling that those who have more should help those with less" was the most frequently cited "major motivation" for giving and/or volunteering, and almost 80 percent of respondents cited it as either a major *or* minor motivation. Other important motives included "Giving back to society some of the benefits it gave you" and "Enhancing the moral basis of society." Financial considerations were also important to many; a third of respondents cited "Keeping taxes and other costs down" as one of their major motivations and two-thirds cited it as either a major or a minor motivation. Because the value of time spent volunteering is not tax deductible, this motivation should relate solely to financial contributions and indicates that tax considerations likely play an even more important role in financial giving than is indicated in the Chart.

Helping those "with less" and those with "material needs" are important motivations based on responses to the survey question. However, the prevalence of these explanations is in stark contrast to the relatively low level of giving to organizations benefiting the poor (Chart 10). However, consistent with the sharp decline in giving to human services, the fraction of donors reporting "helping those with less" as an important reason for giving declined from 55 percent in 1992 to 42 percent in 1996. It may also be that "helping those with less" and "giving back to society" are more important explanations for volunteering than for making cash contributions, or alternatively that individuals report these as motivations because they believe they are the most socially acceptable reasons.

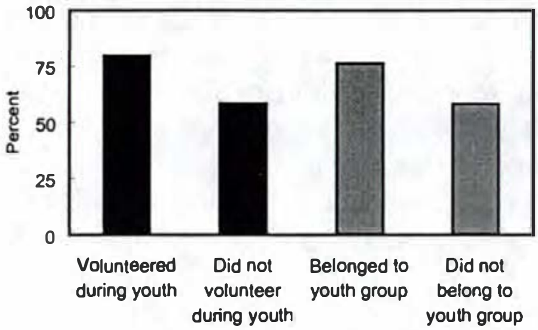
Survey evidence also shows that certain events or circumstances may tend to influence donors to give. These include being asked to give, being a volunteer, participating in religious activities, and participating in certain events during youth.

Individual attitudes towards giving will likely also be influenced by experiences. Evidence from *Giving and Volunteering 1999*, confirms an obvious impetus for giving among many donors: being asked to give. Over 80 percent of households who reported being asked to make a contribution actually did make a contribution, whereas only 50 percent of those who were not asked contributed.[19] However, it is important to note that this relationship need not be causal. Those identified by charitable organizations as likely givers, perhaps because of past contributions or other factors, may be more likely to be solicited for donations and more likely to give again.

There are also strong correlations between volunteer work and religious involvement, and making financial contributions, suggesting underlying differences in a willingness to help others or perhaps indicating that volunteer work can expose one to the seriousness of financial need. Contributing households with at least one member who does volunteer work gave a higher percentage of their household income than households where the respondent did not volunteer. Furthermore, 84 percent of those attending religious services weekly made a household contribution in 1998, compared to about 70 percent among the general population. Childhood events related to community or school involvement, such as belonging to a youth group, being

[19] The Independent Sector, *Giving and Volunteering in the United States: Finding from the National Survey 1999 Edition; Executive Summary* (2000).

Chart 12. Percent of Adults who Donated in 1998, by Participation in Activities during Youth



active in a religious organization, and being active in student government, appear to encourage later philanthropy (see Chart 12).

Economic factors can influence charitable giving through various channels.

Researchers are often suspicious of direct responses to questions such as those listed above. Individuals may report one answer because they believe that is the way in which they should behave, when they are actually motivated by some other factor. For example, individuals may think it is "better" to report that they give to "help those with less" than to report that tax incentives are driving their behavior. As an alternative to direct questioning, an analyst can attempt to infer the underlying motivation by examining actual behavior. Economists have used this method to focus on the role of several factors that have the potential to affect charitable giving. One important factor is the financial resources of the potential donors. This relationship was examined in detail in a previous section. A second factor is the cost or price of giving. Because households who itemize their income tax deductions can deduct charitable contributions, a one-dollar donation actually reduces the disposable income of the donor by less than one dollar. Through this mechanism the government in effect subsidizes charities. Holding income and wealth constant, charitable giving would therefore be expected to rise when tax rates rise. The third economic factor can be thought of as the "demand for charitable contributions," or the perceived needs of potential beneficiaries. For example, if poverty rates rise, giving to human services may increase as donors see a greater need for their contributions.

Economic research shows that tax incentives encourage charitable giving, although the long-term effects are smaller than the short term.

In 1999 over 32 million taxpayers took advantage of the itemized deduction for charitable giving, costing the federal government $26.5 billion in lost tax revenue.[20] This deduction serves to subsidize the activities of private organizations that may provide alternatives to direct government transfers. This tax-based subsidy is an efficient way of funding the activities of recipient organizations if the total given to these charities is greater than the cost to the government in terms of foregone tax receipts. If the subsidy is not efficient, the government could cease providing the tax deduction and transfer that amount directly to the organizations.

The literature on the effect of taxes on charitable giving has concluded that individuals do give more because of the deduction, but there remains substantial disagreement about the magnitude of the response. While earlier studies typically found that the deductibility of charitable donations was an efficient method of distributing resources to philanthropic institutions, more recent studies analyzing the effects over a longer period of time have

[20] U.S. Joint Committee on Taxation, "Estimates of Federal Tax Expenditures for Fiscal Years 2000-2004," December 22, 1999, p. 27.

concluded that it is not. These studies suggest that changes in the tax law may affect the timing of giving, but are unlikely to have a large effect on lifetime contributions.

One ought not to infer from these results that the charitable deduction should be eliminated. Research does indicate that it is efficient for some forms of charitable giving - such as giving to social welfare organizations - and for giving by higher-income individuals. Furthermore, the charitable deduction often benefits causes such as religious organizations, which cannot obtain government funding.

The tax code also encourages charitable bequests. Such bequests are deducted from the value of an estate before calculating the estate tax owed. Because the estate tax affects only the very wealthiest of decedents, this deduction affects few individuals. However, for those whom it does affect, the potential tax savings are large.[21] Evidence suggests that the responsiveness of charitable bequests to this deduction is large. Several studies based on data from different time periods have found that the deductibility of charitable bequests is efficient, encouraging more in giving than is lost in tax revenue. Given the responsiveness of charitable giving to the estate tax deduction, it is likely that if the estate tax is eliminated, charitable bequests will fall substantially.

Donations do respond to changes in the need of the recipient, but increases in contributions do not appear to offset fully increases in need.

The extent to which individuals respond to changes in the need of potential recipients has important implications for the effectiveness of government transfer policy. If a significant amount of charitable giving is driven by the needs of potential recipients, then a decrease in government spending towards the poor or other recipients can be offset by an increase in private giving. It is difficult to verify these effects from direct observation. Government spending on education, social services, and the environment has increased in real terms during the 1990s while remaining a relatively stable fraction of federal outlays. Individual giving in support of education and the environment increased as a share of total private giving, while the share of contributions going to health decreased. In contrast, government spending on the arts and humanities has fallen both in absolute terms and as a fraction of spending, while private giving to the arts has gone up since 1990, but fallen as a share of total giving.

Economic analysis specifically addressing the relationship between public and private spending has found that private contributions do respond to changes in public spending on welfare programs, but that the response is far from dollar for dollar. One study reports that individual giving to social services declined by 38 cents for every extra dollar of federal spending. Similar effects would be expected in the opposite direction; decreases in federal spending for the poor should be expected to increase private contributions by 38 cents for each dollar in cuts. Thus while the evidence is not particularly strong, it does appear that giving responds to need.

[21] Marginal estate tax rates can be as high as 55 percent. Thus, a bequest of one dollar to a charitable institution can reduce the amount available to other heirs by just 45 cents.

THE FUTURE OF PHILANTHROPY

Recent trends and patterns in giving suggest remarkable opportunities for growth in the philanthropic sector. In the coming years philanthropy will likely be shaped not only by increases in foundation giving, but also by changes in the pool of potential donors, the organizational structure of foundations, and the means by which organizations reach out to potential contributors.

Demographic Trends

The aging of the baby boomers and the high levels of accumulated wealth among this group may yield a substantial windfall for philanthropic organizations in the coming years.

As demonstrated earlier, the elderly are substantially more likely to make contributions than the non-elderly, and when they do, they donate larger amounts. Other evidence clearly indicates that giving increases with wealth. As our population ages and wealthier cohorts reach their peak giving years, significant increases in charitable giving are likely to follow.

Between 1999 and 2020 the fraction of the American population ages 65 and over is forecasted to increase from 12.6 to 16.5 percent. Ignoring any increase in the overall size of the population, simply shifting 3.8 percent of the distribution from middle age, to ages 65 and over, will yield an increase in the number of givers and in the average amount given.

Along with the change in the age distribution, there are also significant differences in lifetime wealth across cohorts. Median household net worth for those ages 61 and over was $48,738 in 1962, $95,458 in 1984, and $111,385 in 1994 (inflation-adjusted 1999 dollars).[22] Based on these trends, it is likely that the baby boom generation will reach age 65 with more wealth than preceding cohorts. Thus not only will the aging of the baby boom result in an increase in the number of generous givers, but it will also mean that those with the highest probability of making a donation will have more to give.

A recent study has attempted to quantify the growth in *inter vivos* giving and charitable bequests in the coming years. By their very nature these forecasts are speculative, and the results uncertain at best. However, they do point to a dramatic increase in both *inter vivos* contributions and charitable bequests, with each estimated to grow by several hundred percent over a 20 year horizon.

The Role of the New Economy

A new group of venture philanthropists is taking a hands-on approach to the not-for-profit sector, using lessons-learned from their experiences in private enterprise.

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[22] Juster, Lupton, Smith and Stafford, "Savings and Wealth: Then and Now," *mimeo*. (University of Michigan, December 1999).

The term "venture philanthropy" refers to a new and burgeoning form of grant-making that uses strategies from the for-profit investment world to help grantees improve the efficiency of their organizations and ensure their viability. It is argued that by better monitoring the success of funded projects and the investment of capital, and by providing organizational assistance to recipient organizations, foundations can make more effective use of their own endowments.

To these ends, many wealthy donors are now applying their business skills to their own charitable giving, in particular by establishing new instruments known as social venture funds. These funds apply for-profit techniques (especially venture capital practices) to the nonprofit realm in an effort to maximize investor value and impact. While there are relatively few social venture funds currently, the model they set forth presents itself as a strong precedent for future innovative efforts.

In addition to these social venture funds, established foundations are also revealing interest in incorporating venture philanthropy into their grant making. Some have argued that these concepts are not new to the foundation world, but harken back to the close personal interest philanthropists such as John D. Rockefeller, Andrew Carnegie, and Walter Annenberg, took in the way in which their money was distributed. What does appear to be new, however, is the more formal mentoring roles established and the increased number of foundations fielding such techniques. This trend does raise some concern that the grantees' ability to control their own missions and agendas could be compromised.[23] Clearly, achieving the proper balance between foundation involvement and nonprofits' independence needs to be an important goal if venture-style funding is to succeed.

At the Forefront of Venture Philanthropy

Social Venture Partners is a social venture fund begun in Seattle in 1997. Its focus is on children's and education programs. It consists of a network of young professionals and technology leaders who each invest a minimum of $5,400 each year for at least 2 years and provides a variety of hands-on assistance to grantees. It currently has more than 250 partners. The fund is being replicated in four other locations – Austin, Phoenix, Dallas, and Denver.

Since the establishment of the *Social Venture Partners* fund, many similar funds have been established. *The Silicon Valley Social Ventures Fund* and the *New Schools Venture Fund* also promote active giving to nonprofits by young professionals. Investors in the Silicon Valley fund provide advice and assistance to grant recipients and also continually monitor the progress of supported projects. In each grant cycle a particular funding area is chosen. Education was targeted during the summer of 2000, and children and youth will be emphasized in the fall of 2000. The New Schools Venture fund works by supporting nonprofit and private companies that work to improve public K-12 education. Other examples of social venture funds abound.

[23] For an example critique, see Pablo Eisenberg, "The 'New Philanthropy' Isn't New – or Better," *The Chronicle of Philanthropy*, January 28,1999.

The Internet provides a new avenue along which individuals can participate in philanthropy. Through on-line donations, volunteer placement, and information dissemination, the Internet has made it easier for many Americans to engage in charitable behavior.

Just as the Internet is transforming the way we work, shop, and communicate, it is also changing the way we give. While the existence of "e-philanthropy"—that is, on-line philanthropy—was hardly noticeable a year or so ago, today it has national visibility and is increasing in importance. Nonprofits have established web sites to communicate with members, provide information, and raise funds. The Red Cross, in particular, has been highly successful in their efforts to raise large sums of money through the Internet during major disasters.

In addition to websites run by individual charities, other types of sites provide information about a wide number of organizations. For example, *Guidestar*, provides a searchable database of more than 640,000 nonprofit organizations in the United States to help donors seek out and compare charities, monitor their performance, and better target their own giving. Similarly, helping.org, launched by the AOL Foundation, provides a full spectrum of services, opportunities, and information related to philanthropy and volunteerism.

As Americans become more accustomed to the Internet, it is likely that e-philanthropy will grow significantly. The fraction of Americans with Internet access has increased substantially; currently more than 40 percent of households have access to the Internet. Furthermore, a study conducted for a conference sponsored by the White House Millennium Council reported that those likely to get involved on-line are younger and more politically diverse than the population reached through direct mail. Given these differences, the Internet is likely to reach those who have not previously been active in philanthropy and thereby further increase national giving. Although not anticipated to be a panacea for organizations' fundraising needs, e-philanthropy is viewed by many as a useful resource for disseminating information, reducing the transaction costs of giving, and providing an alternative means for raising funds - important benefits in a fast-paced world.

ENCOURAGING GREATER GIVING

Philanthropy in the United States reached a record high in 1999, following a dramatic 41 percent increase since 1995. Nonetheless, relative to GDP, total giving currently falls short of the levels that existed in the 1960s, and the fraction of Americans making a charitable donation has not increased. These trends indicate that Americans have the potential to give more. Furthermore, because much of the recent increase in giving has been driven by the dramatic gains in wealth, an economic slowdown could result in a significant cutback in charitable contributions. It is therefore prudent to invest now in strategies to encourage greater giving in the future.

Ensuring a Tradition of Philanthropy

Programs that encourage youth to participate in philanthropy provide assistance to needy communities and sow the seeds for future giving in adulthood.

The evidence on individual giving showed that, holding income and wealth constant, giving increases with age. It is not clear whether this trend represents generational differences in attitudes towards philanthropy or if the younger generation will increase their giving as they age. Regardless of the source of the difference, an effective policy for future giving ought to include programs to involve the young.

Parents and religious communities play a central role in developing a habit of giving, and community groups, foundations, and schools are increasingly supporting their efforts. A few specific examples will help highlight the types of activities being undertaken. Sisters Empowering Sisters is a 2-year old program for teenage girls run by the Girl's Best Friend Foundation in Chicago. Each year the program works with a small group of girls ages 14 through 18 to teach them about grant making. As part of their training, the girls design request-for-proposals (RFPs), review grant applications, make site visits, and decide where the money should go. They are then given money to award to programs developed by and for the benefit of girls. Other efforts along these lines include the Michigan Community Foundation's Youth Project that encourages community foundations to train and involve teenagers in fund raising and grant making and "The Cool Rich Kids' Movement," which helps affluent youth reach out to work on social causes.

Schools have also begun to teach students about the importance of giving. In New York State, public schools are offering a curriculum focused on volunteerism and philanthropy. In a program at the Latin School in Chicago, students learn to write RFPs, review grant applications, and make site visits to prospective grantees as part of the grant making process. They are also provided with a small amount of funding to disburse to nonprofit organizations.

While these programs help students learn more about philanthropy, most community service programs for young people focus on volunteering. As illustrated in Chart 12, data show that adults who did volunteer work during their youth are over 30 percent more likely to make a charitable donation than those who did not are.

High schools in particular are placing a growing emphasis on "service learning"—integrating community service with classroom instruction. In 1999, 83 percent of high schools offered community service opportunities to their students, and 46 percent offered service-learning, up dramatically from 1984 levels of 27 percent and 9 percent. Schools in cities such as Chicago, Washington, D.C., and Louisville, as well as the state of Maryland are introducing community service requirements for graduation.

Efforts to encourage volunteering have also come at the national level. In 1993 President Clinton outlined a vision for a national service program that would allow young people to serve their country while earning funds for a college education. The resulting AmeriCorps brings together people of different racial, ethnic, and economic backgrounds to solve community problems. Since the program's inception 5 years ago, over 150,000 AmeriCorps members aged 17 and over have served as tutors, mentors, and disaster-relief workers, among other roles. Today there are more than 350 AmeriCorps programs nationwide serving an estimated 4,000 communities. These various volunteer opportunities may both encourage current charitable activities and serve as an investment for future increases in giving as these young people grow-up with an understanding of the importance of giving.

Increasing Economic Incentives to Give

President Clinton's proposed new tax incentives to promote philanthropy.

Because individuals have been shown to respond to the economic incentives to give, the Administration has developed proposals that use the tax code to benefit charitable institutions. In his State of the Union Address, President Clinton unveiled a package of new tax proposals to encourage philanthropy.

The widest reaching of these proposals allows individuals to claim a deduction for charitable giving, even if they do not itemize their deductions on their federal income tax returns. When fully phased-in, the President's proposal will allow the 70 percent of taxpayers who do not itemize the opportunity to claim a 50 percent deduction for charitable contributions above $500 a year.

The second proposal will make it easier for foundations to vary their giving over time and thereby respond effectively to the changing needs of those they benefit. Foundations currently face a two-tier excise tax: a 1 percent tax on investment income, and an additional 1 percent tax on investment income if they fail to maintain their average rate of giving over a 5-year period. This mechanism is complicated and can reduce giving in certain situations. If a foundation wishes to increase giving in response to a particular need in one year, it could risk higher future taxes if, after the need has passed, their rate of giving drops back to earlier levels. The President's new proposal will eliminate the two-tier system and set the excise tax rate at 1.25 percent on investment income.

The President's budget will also make it easier for individuals to donate appreciated assets like stocks, art, and real estate. Under existing law, individuals donating appreciated assets can take a tax deduction that is limited to 30 percent of adjusted gross income (AGI); for gifts made to private foundations, the deduction is capped at 20 percent of AGI. Amounts above these limits can be carried forward and deducted against income in future years. However, these caps on yearly deductions may limit the amount individuals choose to give in any particular year, and needlessly complicate tax preparation through the carryover provisions. The President's budget eases these restrictions and simplifies the necessary accounting by increasing the limit on appreciated property to 50 percent of AGI, and the limit for donations of appreciated property to private foundations to 30 percent.

These new tax proposals provide a straightforward mechanism for promoting greater participation in charitable activities. Stimulating philanthropic giving by increasing both the incentives to give and the ease of giving is constructive in this time of economic prosperity where there clearly exist the resources to help. Furthermore, by refusing to abolish the estate tax the President has helped to ensure that charities continue to benefit from the generosity of individuals at their deaths.

CONCLUSION

The strong economy has provided benefits to the country in many dimensions. More Americans are working than ever before, poverty rates are down, and home ownership has hit record highs. The dramatic increases in wealth have also brought increases in giving. Total charitable giving in the United States reached a record high in 1999 as many Americans shared their financial gains. Yet despite this generosity, Americans have the potential to give more. The task set before us now is to build on this level of generosity and ensure that the benefits of the New Economy continue to be widely shared.

The New Economy has also spurred new avenues for giving that will likely improve the efficiency of philanthropic sector. E-philanthropy is in its infant stages but promises to provide opportunities for giving to a broad range of individuals. It also allows for the efficient dissemination of information about philanthropic organizations and their needs, allowing donors to contribute to charities that reflect their particular interests. Similarly, venture philanthropy draws on the techniques developed by venture capital firms to ensure that contribution dollars are wisely invested and distributed. The changes in giving resulting from these developments are yet unknown, but offer the hope of increased participation in philanthropic activities. The increasingly widespread use of the Internet provides another avenue along which to spur charitable giving. Access to information about charities, the ability to match individual interests with the goals of particular charities, the ease of on-line donations, and the breadth of the on-line audience all point to the tremendous potential to increase giving.

Finally, policies offering tax-incentives for giving and programs that reach out to women, minorities, and young people, appear to be promising avenues for developing future giving.

Clinton Presidential Records
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Divider Title: E. PHILANTHROPY

E-philanthropy Conference

The e-philanthropy conference, "Expanding Philanthropy through the Internet" drew over 300 participants from a wide range of organizations and fields – from start-up internet companies and Fortune 500 companies, from national and smaller nonprofit organizations, state and federal government officials, and a wide array of individual consultants, fund-raisers and others interested in what this new field may mean for the nonprofit and forprofit sectors.

"Expanding Philanthropy" considered several key issues:

What makes for successful partnerships between nonprofits and dot.coms?
How can donors be persuaded to increase their giving through the internet?
What issues inhibit giving? Security? Privacy? Lack of information about the nonprofit organizations?
How will online giving alter donor-grantee relationships?

The conference began with a series of presentations providing an overview of what we know about the current state of the space. A keynote address by Harry Saal, an internet pioneer and Silicon Valley business leader and philanthropist, drew on Saal's experience with the special challenges facing nonprofits in the high-cost environment of Silicon Valley. Rather bluntly, Saal told the audience that many nonprofits were not adapting well to the new environment facing the sector. Saal, along with the panelists who followed him, told conference participants that the Internet revolution is here to stay and cannot be ignored – indeed, the keynoter and panelists agreed, if used well, the technology can help solve many of the critical funding and organization issues facing nonprofits today. Other speakers pointed to the growth of ecommerce as an early indicator of the potential for online giving; one panelist, drawing on his firm's proprietary research surveys, predicted that half of all charitable giving will soon come from the internet.

Conference participants could choose from a variety of breakout sessions that explored specific topics, including a review of business models used by new dot.coms; a session on negotiating partnerships that featured successful examples by several well-known national organizations; the digital divide and how nonprofit organizations and the online industry are facing the issue; and a public policy session that explored privacy, ethical issues in online fundraising, and the need for state versus national regulatory frameworks.

In conclusion, the conference heard that:

there is no one single best way of doing philanthropy over the internet and many different models exist;
there is still a cultural divide between the nonprofit and forprofit sectors, but it can be overcome by partnerships built on trust and mutual understanding;
the potential for the medium is only just beginning to be understood.
the individual donor/end user has to be kept in mind by all parties concerned.

Socially Engaged Internet Users: Prospects for Online Philanthropy and Activism

September 1999

A Study conducted by the Mellman Group for

Craver, Mathews, Smith and Company
CMS Interactive
4121 Wilson Boulevard., 11th Floor
Arlington, Virginia 22203
www.craveronline.com

To: Craver, Mathews, Smith & Co.

From: The Mellman Group

Re: Poll & Focus Group Findings

Date: September 13, 1999

Methodology

This report summarizes the findings from four focus groups and a survey of adult Americans with Internet access who are engaged as donors and/or volunteer activists on social issues.

Focus Groups

- Activists/donors who use the Internet but have not taken an online action or made an online contribution
- Activists/donors who have used the Internet to take action or make a contribution
- Two groups among each segment
- Conducted in Los Angeles, CA and Philadelphia, PA in July 1999
- Sessions included visits to various charity and public interest group websites

For purposes of the focus groups, activists/donors were defined as people with Internet access who have donated to or taken an action such as writing a letter to a public official on behalf of a social cause or issue.

National Survey

- 800 interviews among adults engaged on various social issues with Internet access
- 400 short surveys among the balance of the population -- those who are active, but not online; those who are online but not active; and those who are neither online nor active.

For purposes of the survey, social engagement was defined as having donated money or time during the past two years to organizations involved with various social issues including poverty, environmental protection, animal protection, civil rights, or human rights.

All sample surveys are subject to possible sampling error; that is, the results of a survey may differ from those which would be obtained if the entire population were interviewed. The margin of error for the 800 socially engaged Internet users +/- 3.5 percentage points at the 95% confidence level. The margin of error for subgroups varies and is slightly larger. Focus groups are qualitative in nature and the information collected using this research technique cannot be projected onto a larger universe. All instances in this report in which responses are quantified refer to data collected in the prospect survey. Focus group responses have in no way been quantified.

Executive Summary

The Potential For Online Activism And Fundraising Is Vast, Bringing A New And Diverse Generation To The Effort

- Internet use is expanding at an unprecedented rate
- The potential universe of socially-engaged Internet users is as large, or larger, than the direct mail universe
- While the direct mail universe is aged, online activists are young
- While the direct mail universe is comprised mostly of liberal Democrats, the socially-engaged online universe displays much greater diversity

Most Of This Potential Is Yet Untapped

- Two-thirds of socially-engaged Internet users remain unaware of opportunities to take action
- Few of them have utilized the web's potential for contribution, activism or communication
- Even these online activists are more likely to have used traditional methods

The Web Is Seen Primarily A Tool For Communications, Information Gathering, And Efficiency, Not Community

- Community is a somewhat less common use

Driving Traffic To Sites Requires A Variety Of Approaches, Including Off-Line Advertising, PR, Word Of Mouth, And Getting On Search Engines

- Hunting is more common than surfing
- Focus group participants name a myriad of sources of information about a charity's website
- Word of mouth, search engines, off-line advertising and PR are the top methods of directing traffic to sites

Content Needs To Communicate Mission, Success Stories, And Financial Responsibility In A Simple, Credible, Uncluttered Environment

- Web information is no less credible than that from other sources

- Information about how money is spent, privacy assurances, mission statements, success stories and information about how to take action are deemed must-haves for group websites

- Merchandise, opportunities for personalization, chat, and a way to contribute are deemed least important

- These socially-engaged Internet users want accountability and demonstrated progress toward their goal, in exchange for their loyalty

- They are much more likely than direct mail donors to require groups to demonstrate progress and somewhat less likely to be concerned about the volume of donation requests

- When visiting sites during the focus groups, participants revealed a need for sites to balance simplicity with information

Privacy Concerns Remain An Important Impediment To Fundraising And The Sharing Of Other Personal Information, But Doing It The First Time, Shopping, Reputation, And Security Statements All Help Overcome The Reticence

- Most are quite concerned about maintaining their privacy when sharing personal information online

- Socially-engaged Internet users are willing to provide information about their interests and background, but reluctant to provide credit card and home data

- But never say never, as many of those who have purchased online say they would never give credit card or email information which are usually required for such transactions

- Making online purchases goes some distance toward allaying privacy concerns

- Doing it once makes one more inclined to do it again

- Having a strong institutional reputation and a clear security statement also help alleviate concerns

While The Web Is Seen As Having A Variety Of Important Roles For Groups, Convenience And Reduced Organizational Overhead Are Compelling Reasons For Online Contributions

- Activists see an important role for the Internet in helping groups be more accountable, demonstrate progress and educate the public, exactly those functions they deem most important

- The convenience of quick transactions and email notifications, along with reduced overhead, are the most compelling reasons to contribute online

Online Activism Implies Permission To Groups For A Variety Of Followup

- Focus group participants expect to be contacted by groups to which they have given information or money

- Taking an online action gives permission for future contact, on or off line

Cluster Analysis Reveals Five Segments Among Socially-Engaged Internet Users About A Third Of Whom Are, Or Are About To Be, Fully Engaged

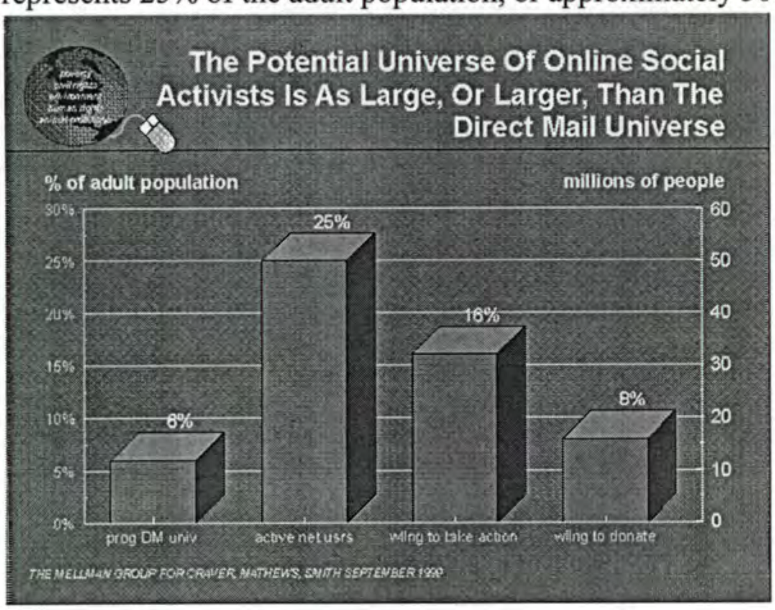
- This is not the medium for everybody

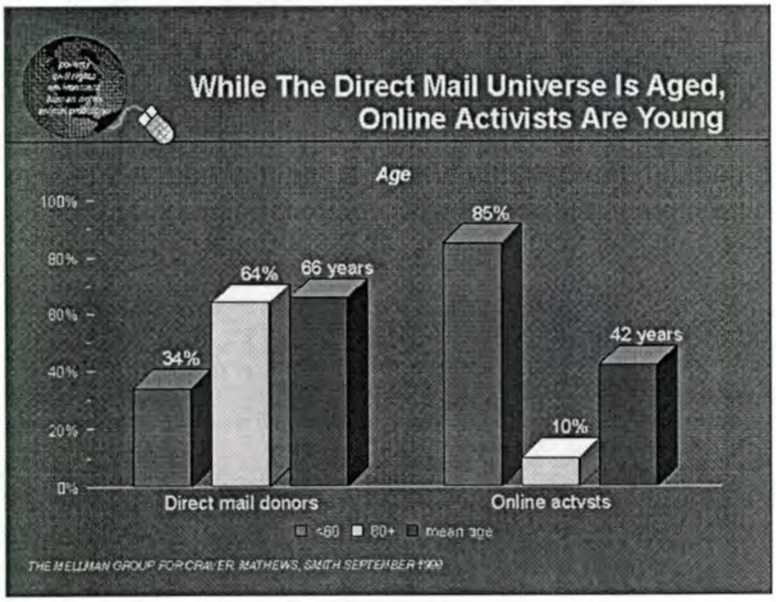
The Potential For Online Activism And Fundraising Is Vast, Bringing A New And Diverse Generation To The Effort

Online Habits Of Socially-Engaged Activists Who Use The Internet
--Average tenure online is 3 years and 3 months
• 7% have been online less than a year
• 41% have been online less than 3 years
--Average hours per week online for personal use is 7 hours
• 16% spend more than 10 hours online per week
• 36% spend less than 3 hours online per week
--Use MS Internet Explorer (29%), Netscape Navigator (34%) and AOL web browser (28%) in almost equal numbers
--58% use email daily
--52% have purchased a product or service over the Internet
• 21% have bought more than 5 items in the past 12 months

Just four years ago, only 7% of Americans were online according to NielsenNetRatings. By May of 1999 that number had grown to 37%. Our own survey also shows explosive growth in Internet usage both at home (49% have Internet access) and at work (35% have Internet access). And all signs indicate the Internet audience will continue to grow.

The rapid development of this new medium has also created a universe of potential online activists and donors that is as large, or larger, than the pool of people currently being reached by direct mail. While the traditional direct mail donor universe is approximately 12 million individuals, the number of Americans with Internet access who report giving time or money to social causes represents 25% of the adult population, or approximately 50 million people. Considering only those who today say they are willing to take an online action (such as send an email to an elected official using a charity or public interest group website) yields 16% of the adult population, or about 32 million people, with the potential to become online activists. Eight percent (8%), or about 16 million adults are willing to make a donation to a charity or public interest group over the Internet.



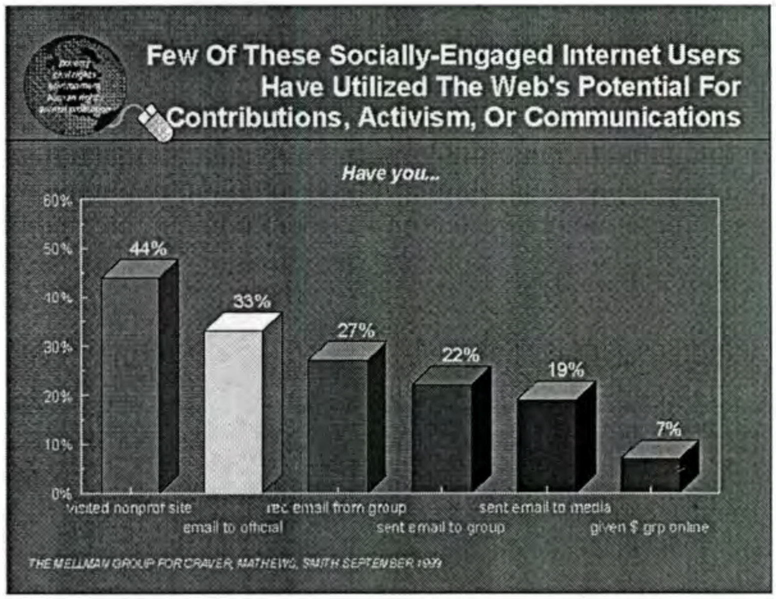


The potential universe of online donors and activists is a younger, more ideologically diverse group than the traditional direct mail donor universe. A survey conducted by the Mellman Group in 1995 of progressive direct mail donors found that nearly two-thirds (64%) were aged 60 or older. The average age of this list donor universe was 66 years old. By contrast, 85% of socially engaged Internet users are under the age of 60, and the average age of this group of potential online donors/activists is just 42.

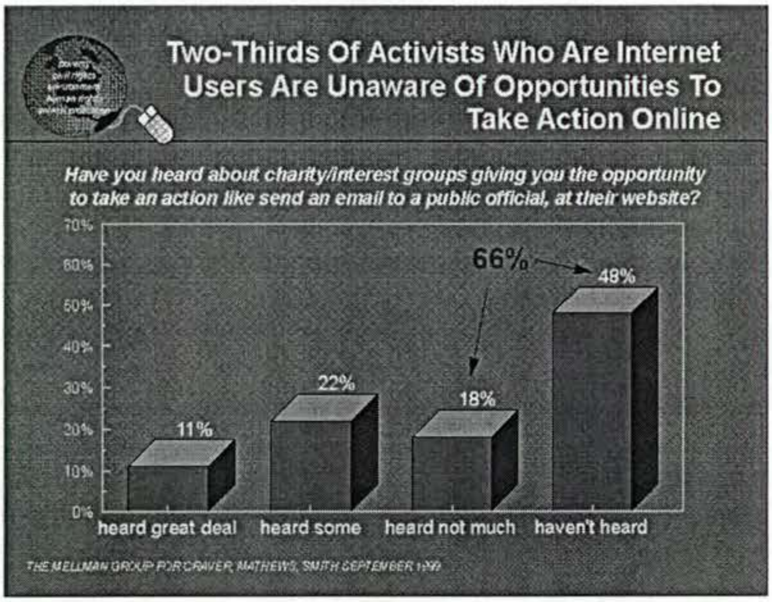
In addition, the 1998 Hart survey of progressive direct mail donors found that 60% identify themselves as Democrats while only 19% call themselves Republicans or independents. The online activist universe is almost evenly divided between Democrats (39%) and Republicans (41%). Ideologically, the 1995 Mellman survey of progressive direct mail donors found that 74% identify themselves as liberal, in contrast to the online activist universe which is evenly divided between liberal (43%) and conservative (44%). Recall that the online universe we are discussing are involved in exactly the same set of issues as the direct mail universe. However, those direct mail efforts are tapping only one segment (older, liberal Democrats) of the constituency active on these issues.

Most Of This Potential Is Yet Untapped

Despite their involvement in social causes, few of these Internet users have utilized the web's potential for contributions, activism or communications. Fewer than half (44%) have visited the website of a charity or public interest group. These activists have had even less communication from urgent cause groups. Only 27% report having received an email from a charitable organization or public interest group, while 22% say they have sent an email to one of these organizations. Only 7% report having made a contribution or donation online.

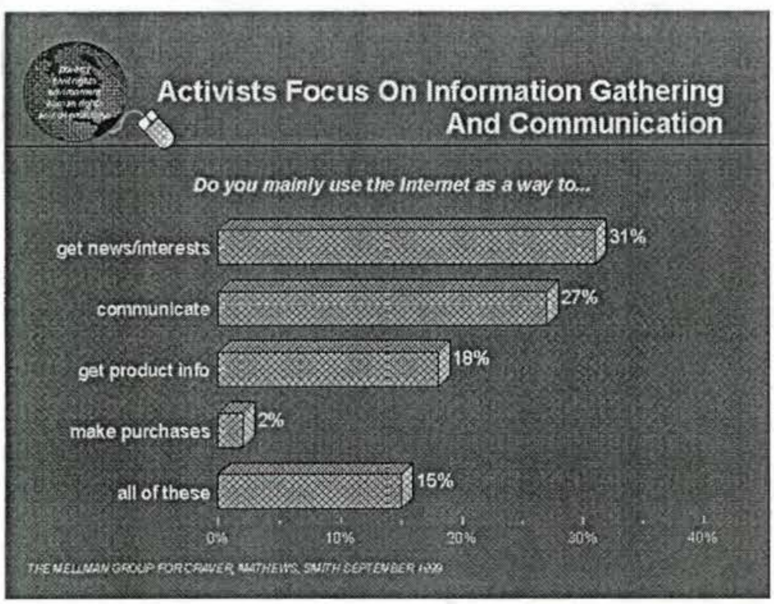


Indeed, even though these activists spend significant time online, they are more likely to use traditional methods than to use the Web for taking action on the issues about which they care. Just a third (33%) have used the Internet to send an email to an elected official, while 49% have sent communications to elected officials via fax, phone and regular mail. Only 19% have communicated by email to an editor of a newspaper or radio or television news program, but 28% have done so by fax, phone or regular mail. As noted above, while 7% say they have made an online contribution, 80% have contributed using traditional means.



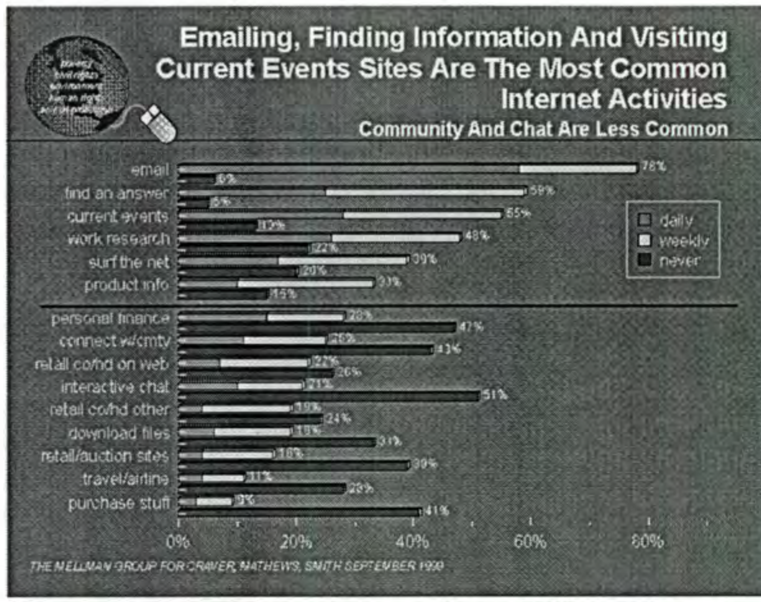
That few have incorporated the Internet into their expressions of activism is not surprising considering two-thirds (66%) of socially-engaged Internet users are unaware of opportunities to take action online. Nearly half (48%) say they are unaware that charity and public interest group websites offer opportunities to take action such as sending an email to an elected official, and another 18% say they have not heard much about this.

The Web Is Seen Primarily A Tool For Communications, Information Gathering, And Efficiency, Not Community



Despite the growth in e-commerce, socially engaged Internet users tend to use the Internet mainly as a communications and information gathering tool. Respondents were asked which of four orientations best describe the way they mainly use the Internet. Activists were almost evenly divided between using the Internet mainly as a way to get news and information about their hobbies and interests (31%) and using the Internet mainly as a way to communicate via email (27%). Another 18% said their main use of the Internet is to get information about products and services, while far fewer (2%) said their main use of the Internet was to shop and make online purchases. Another 15% volunteered that they use the Internet about equally in all these ways.

Activists also tend to characterize their use of the Internet primarily as a tool for communications and increasing their efficiency. While 1-in-10 (10%) activists say they see the Internet primarily as a way to do things they have never done before, more than twice as many (23%) say they see the Internet mainly as a faster way to do things they have always done. Another 22% of activists see the Internet mainly as a way to communicate via email, while 5% see the Internet as a way to connect to a larger community of people. Nearly a quarter (24%) of activists volunteered that they view the Internet as being all of these things in their lives.

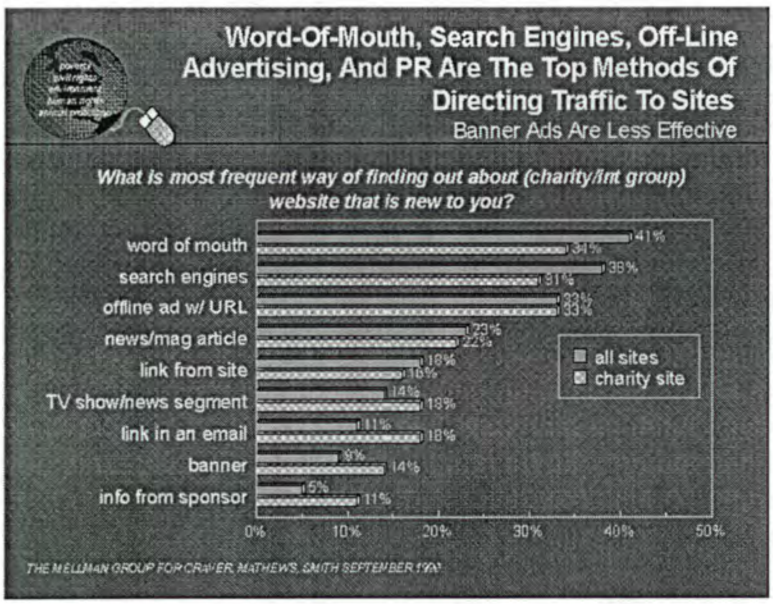


Activists' online habits bear out the Internet's current status as an information and communications tool. Emailing is far and away the activity most frequently engaged in by these activists, with 78% saying they use email daily (58%) or weekly (20%). A mere 6% say they "never" use email. More than half (59%) report using the Internet to go to a specific site to find an answer to a specific question on a daily or weekly basis, while slightly fewer (55%) say they visit current events sites daily or weekly. Only 13% say they never" visit current events sites, and even fewer (5%) say they "never" use the Internet with a specific site in mind. Nearly half (48%) use the Internet daily or weekly for work-related research, while a third (33%) say they use it to get information about products and services.

Less common Internet activities revolve around shopping, financial transactions and interactive communications. Only 28% say they use the Internet daily or weekly to visit financial websites or conduct personal transactions like PC banking, while nearly half (47%) say they "never" do this. Similarly, only 22% visit retail websites they discovered on the web and 19% visit retail websites they heard about via offline sources. Only 16% say they visit retail or auction sites on a daily or weekly basis, while 39% say they never do. Fewer than 1-in-10 (9%) go online to purchase things, while 41% say they never do. Finally, few report using the Internet on a regular basis as a way to connect to a larger community (25% daily or weekly, 43% never) or to engage in interactive communications such as chatrooms (21% daily or weekly, 51% never).

Driving Traffic To Sites Requires A Variety Of Approaches, Including Off-Line Advertising, PR, Word Of Mouth, And Getting On Search Engines

Simply building a website is not sufficient for recruiting this new generation of potential online activists. Planned effort is required to drive traffic to the site. "Hunting" on the Internet is more frequent than "surfing." More than half (59%) say they use the Internet on a daily or weekly basis to go online to a specific website in order to find an answer to a specific question. Fewer, (39%) say they spend time on a daily or weekly basis browsing the web with no particular destination in mind. Indeed, 1-in-5 (20%) say they never "surf."



Word-of-mouth is among the strongest ways of generating visits to a site. Forty-one percent (41%) say that word-of-mouth is the most frequent way in which they find out about any website that is new to them, and 34% say this is how they find out about charity and public interest group sites in particular. Search engines are another common way in which these online activists find out about new sites, with 38% saying that is the most frequent way in which they find out about any website that is new to them, and 31% saying it is the way they find out about charity and interest group sites they have not seen before. Offline advertising that includes a website address is another way in which donors/activists most frequently find out about both new sites in general (33%) and charity and public interest groups websites in particular (33%).

Public relations efforts also play an important role in driving site traffic beyond the word-of-mouth the try to spark. Just under a quarter (23%) say that news stories and magazine articles that mention websites are the most frequent way in which they find about new sites in general, and 22% say this is the most frequent way in which they find about charity and public interest group sites that are new to them. Similarly, seeing a TV show or news segment that mentions the website is the most frequent way in which 14% of online activists find out about site in general, and 18% find out about charity sites in particular.

Links, though less common, are also mentioned. Sixteen percent (16%) say that links from other websites are the way in which they most frequently find out about charity and public interest group websites, and 18% say the same of links they receive within email messages.

Banner advertising on other websites is among the least effective at driving visits by activists to new sites. Only 9% say that a banner is the way in which they most frequently find out about new sites in general and only 14% say it is the way they find out about charity sites that are new to them. Activists are more likely to find out about charity and interest group sites from information they receive from the sponsor (11%) than they are to find out about other types of sites this way (5%).

Content Needs To Communicate Mission, Success Stories, And Financial Responsibility In A Simple, Credible, Uncluttered Environment

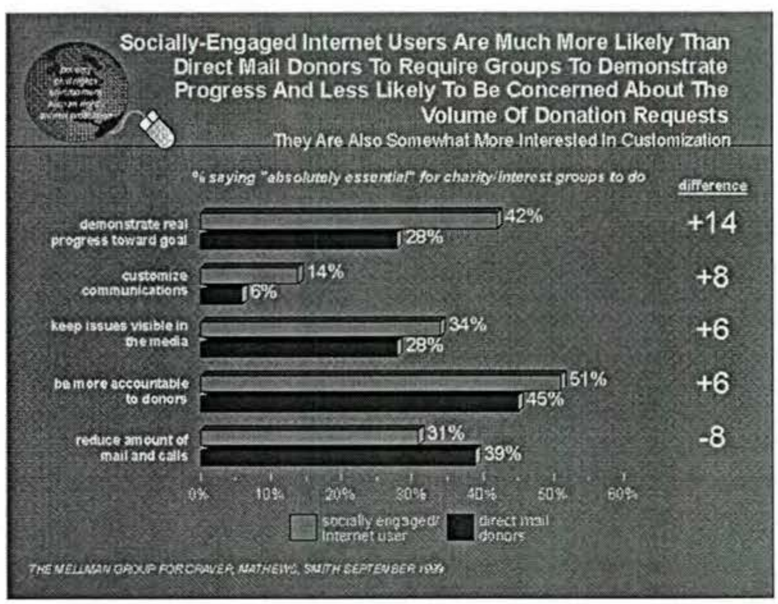
This survey suggests that the World Wide Web has come into its own as media alternative. When asked whether information found on the Internet is more, less or about as credible as that contained in television news programs and newspapers, 78% say information on the Internet is as or more credible than that on TV news and 72% say it is as or more credible than information in the local newspaper. Only 16% believe information on the Internet is less credible than that on TV news, and only 19% say it is less credible than that found in newspapers.

Online activists deem information about how money is spent, privacy assurances, mission statements, organizational success stories and information about how to take action as must-haves for group websites. Respondents were asked how important each of 24 features are to appear on a charity or public interest group website. Most likely to be seen as important is information about how the group spends the contributions it receives (38% one of the most important). This information is considered as important as very basic contact information such as the group's address and phone number (38% one of most important). Also critical are privacy statements (35% one of the most important), mission statements or statements of the organization's purpose (31%), the amount spent on overhead (27%) and examples of accomplishments or success stories (25%).

Important to somewhat fewer, although still desirable, are tools such as search engines (21% one of most important), and a mechanism by which visitors can take action such as sending an email to an elected official (17%). Online activists are also interested in getting information about what actions they can take (19%) and the ability to review their contribution history (17%).

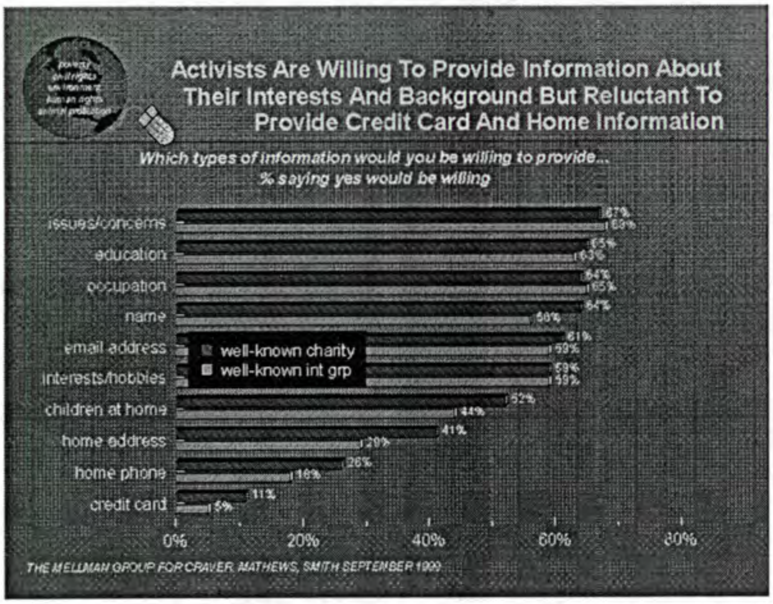
In exchange for their loyalty, socially-engaged Internet users want organizations to be accountable and to demonstrate progress toward their goal. Activists were asked to rate the importance of a variety of changes that organizations could make in order to maintain loyalty and support. Being more accountable to donors is considered "absolutely essential" by 51%, and demonstrating real progress toward their goal is considered absolutely essential by 42%. Somewhat less critical, although still important, are educating the broader public about the issues (37% absolutely essential), keeping issues visible in the media (34%), reducing the amount of mail sent and telephone calls made (31%), and offering opportunities to get involved besides giving money (29%). Only 21% find more flexible contribution programs to be absolutely essential to maintaining their loyalty, and 14% say the same about customized communications.

Online activists are more demanding than their direct mail counterparts when it comes to organizations demonstrating progress and being accountable to donors. Online activists are 14 points more likely to say it is absolutely essential for organizations to demonstrate real progress toward their goal (42% compared to 28% among direct mail donors). Similarly, while 51% of online activists say being more accountable to donors is absolutely essential, only 45% of direct mail donors say the same (6 point difference).

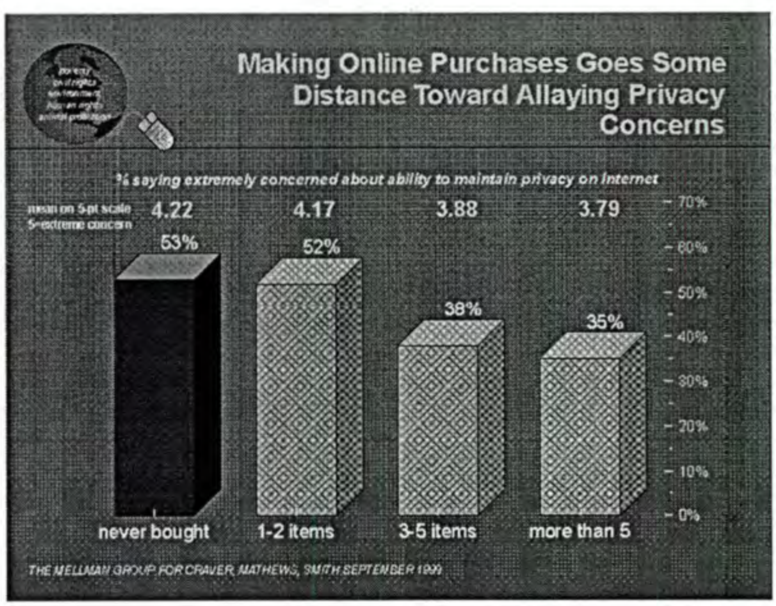


Potential online activists and donors are a bit less concerned about the amount of mail and phone calls they receive than are direct mail donors. The 1998 Hart Survey found 39% of direct mail donors saying it is absolutely essential for charities and organizations to reduce the amount of solicitations they send, compared to 31% of activists who are online.

Privacy Concerns Remain An Important Impediment To Fundraising And The Sharing Of Other Personal Information, But Doing It The First Time, Shopping, Reputation, And Security Statements All Help Overcome The Reticence

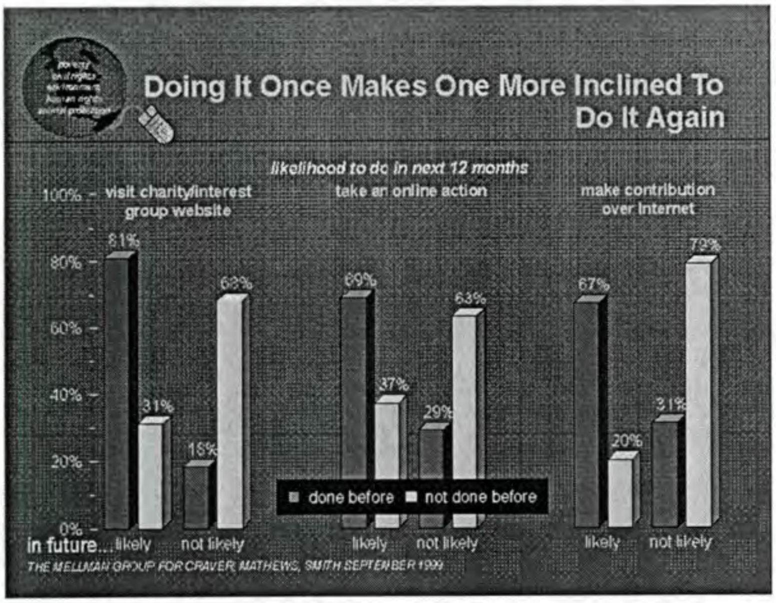


Like Internet users generally, these activists are concerned about maintaining their privacy during online transactions. Nearly half (47%) say they are "extremely" concerned, and another quarter (24%) are "very" concerned. Despite this concern, majorities, or near-majorities, say they would be willing to share information about their concerns, education level, occupation, name, email address, interests and hobbies, and parental status at a non-profit group's website. Few say they would be willing to share their home address, home phone number, or credit card information at these websites.



Interestingly, many of those who purchased something online also said they would never reveal their name, email address, home data, or credit card information online. This information is usually required for most online transactions. Thus, groups should not be discouraged by low levels of intent to donate online. Rather, this inconsistency speaks to the barriers organizations will need to help potential donors overcome with respect to security and privacy of Internet transactions. The discrepancy also may suggest that online shoppers feel they should be more nervous about online transactions than they actually are, or else may be confused about how their transaction actually worked.

In any event, making online purchases goes some distance toward allaying privacy concerns. Those who have never bought online are substantially more concerned about their privacy (mean: 4.22 on a 5-point scale, where 5 is extremely concerned), compared to those who have bought at least five items online (mean: 3.79).



When it comes to online action, doing it once makes one more inclined to do it again. Eight in ten (81%) of those who have visited a group's website say they are likely to do so in the future, while two-thirds (68%) of those who have not visited such a site say they are *unlikely* to do so. The same pattern holds with taking an online action, and making an online contribution.

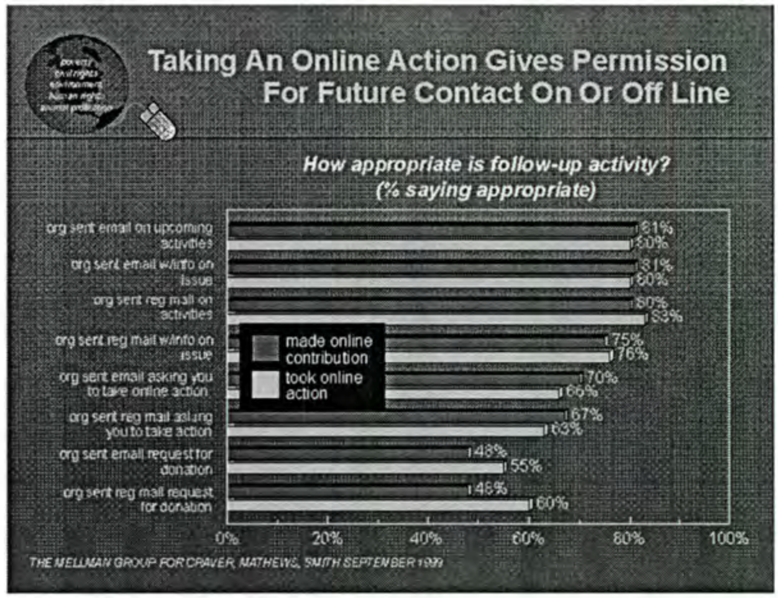
Security notifications and the organization's reputation are the most important considerations when contemplating an online contribution. A third (33%) said reputation was "one of the most" important considerations, and slightly fewer (30%) said the same of security notifications. A website's privacy statement (26% "one of the most" important) and the organization's track record of success (24%) were also deemed important. Clearly, an organization's "brand name" is an important asset in creating the trust and confidence necessary to make an online donation. Organizations will need to assess their "offline" branding and consider strategies to build brand awareness among this new, significantly larger universe of potential "customers."

While The Web Is Seen As Having A Variety Of Important Roles For Groups, Convenience And Reduced Organizational Overhead Are Compelling Reasons For Online Contributions

Activists see an important role for the Internet in helping groups be more accountable, demonstrate progress and educate the public, exactly those functions they deem most important for charity and interest groups to do. Sixty-three percent (63%) expect that the Internet will charity and public interest groups "a great deal" in their efforts to be more accountable to donors. More than half (59%) say it will help "a great deal" to demonstrate progress. Fifty-six percent (56%) say it will help a great deal to educate the public and 55% say it will help a great deal to reduce the amount of mail they send and telephone calls they make.

The convenience of quick transactions and email notifications, along with reduced overhead, are the most compelling reasons to contribute online. Overhead spending, as seen above and elsewhere, is a widespread concern for charitable donors on and offline. The convenience of the transaction increases donors' trust in the site, and taps into their main use of the Internet, which is to do things faster and more easily.

Online Activism Implies Permission To Groups For A Variety Of Followup



Majorities of respondents said that future contact would be appropriate from a group to which they had made an online contribution, or through which they had taken an online action. Interestingly, both online and offline contact are viewed as appropriate. Further, there is little difference between the propriety of followups to contributions and those to online actions. Activists are most interested in receiving information on a group's activities, or further information on an issue. While these activists are least interested in receiving another solicitation, nearly half (48%) say it is appropriate followup to making a contribution, and a clear majority say it is appropriate follow-up to taking an online action (60% mailed request for contribution, 55%, emailed request).

Cluster Analysis Reveals Five Segments Among Socially-Engaged Internet Users About A Third Of Whom Are, Or Are About To Be, Fully Engaged

Market segmentation on these data yields five distinct clusters of activists that vary in the frequency and scope of their Internet use, the degree of their activism, and their demographic characteristics. The first two segments described below are crucial to building a web-based donor audience, and represent nearly 15 million people.

Progressive Pace-Setters (15% of sample; est: 7.6 million)
This segment is highly engaged on progressive issues and has broadly integrated the Internet into their everyday lives. They are most likely to have made a contribution or taken action online and intend to do so in the future. They are also much younger than the other segments.

Thresholders (15% of sample; est: 7.3 million)
This segment is on the verge of becoming engaged in online activism. They are highly engaged in progressive issues, have done some shopping and say they have taken some online actions. Many are unaware of the opportunities for online activism, but are

waiting to be told. They are slightly less likely to give than the Pacesetters and are not quite as engaged in the community aspect of the Internet. They are older than the Pacesetters, but younger than traditional mail donors

Snail Mail Donors (10% of sample; est: 4.9 million)
This group is also highly engaged on progressive causes, but much newer to the Internet and less web-savvy. The demographics of this group look most like the traditional direct mail universe -- very liberal, very Democrat and old. They are not likely to make a Freedom March on the Internet any time soon.

Moderate Computer Crunchies (26% of sample; est: 12.8 million)
This segment is nearly as active on the Internet as the Progressive Pacesetters, however, they are less engaged on most progressive issues. They are most likely to be involved on poverty, environment and aid/relief causes and much less likely to be engaged on other issues. They are slightly more conservative and tend to be Southern.

Online Apathetics (35% of sample; est: 17.3 million)
This segment is the least engaged on all issues and the least likely to have taken either traditional or online actions. They are not Internet shoppers and the Internet has done little to expand their horizons -- they see it mainly as another way to do the things they have always done. They are the least aware of opportunities to take action or give online and are, by and large, unwilling to do either.

The Internet Is Not The Medium For Everybody

It should not be forgotten that the Internet is still a new media, with large numbers of Americans yet to fully incorporate it into their daily lives. Despite having web access, our least engaged, the Online Apathetics, are the plurality of our sample. Over half of this group spends less than three hours a week online. In our focus groups, some expressed anxiety about their ability to work the Internet efficiently. While this medium is important to organizations for its cost-cutting abilities, its convenience, and potential to bring in a new audience, the Internet cannot yet replace traditional methods of contact.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **NONPROFIT REPORT**

DRAFT

PARTNERSHIPS FOR A STRONGER CIVIL SOCIETY

A Report of the President's Task Force on Nonprofits and Government

November 2000

"Americans make great and real sacrifices to the public welfare. They hardly ever fail to lend faithful support to one another."
--Alexis de Tocqueville

PREFACE

In January of 1993, we arrived in Washington anxious to implement a new vision for America on the cusp of the 21st century – strong and confident, prosperous and caring; the undisputed world leader, ready to compete in the digital age and the global economy. The first and most immediate challenge was the economy. In 1993, the deficit was $290 billion and rising. Today, we are anticipating a surplus of at least $230 billion. Fiscal discipline has led to the creation of 22 million new jobs and poverty rates that have dropped to historic lows.

Our second important challenge was to shape a new model for the federal government, one that neither made government responsible for meeting all of society's needs, nor one that took a hands-off approach, leaving charitable organizations alone to address the challenges faced in so many communities. Instead, we sought a third way – a smaller government, committed to giving people the tools and the conditions they need to make the most of their own lives, that works in partnership with its citizens and lives within its means.

For this kind of government to work, we must have a strong civil society, with a thriving network of national and community-based nonprofit organizations that can marshal the resources of the American people to meet the challenges before us. We had this in mind when, in October 1999, the First Lady and I hosted the first-ever White House Conference on Philanthropy. There I named an Interagency Task Force on

Nonprofits and Government to examine one important facet of the third way: partnerships between the federal government and nonprofit organizations. I charged members of the task force to identify the best examples of these private-public partnerships and evaluate the ways in which they could be replicated and improved.

Although I had championed this new way of working with the private sector, even I was surprised at the number and breadth of these partnerships. In thousands of instances, large and small, government agencies are working with national, community and faith-based nonprofit organizations, and in the process, are redefining the role of government in the 21st century. From AmeriCorps to the Welfare-to-Work Partnership, from environmental protection to mass immunization programs, nonprofit partnerships are affecting the lives of citizens from Hawaii to Juneau, San Francisco to South Carolina.

The role that nonprofit partnerships play cannot be overstated: They make government work better and are in turn strengthened through their relationships with federal agencies. As a result, they are an essential part of our safety net for citizens in need, help foster a community where neighbors can gather and depend on one another, ensure that the arts are sustained and nourished, and when all else fails, nourish and protect the youngest and most vulnerable among us. In these ways, and many more, they strengthen and sustain our civil society.

I want to thank the First Lady and her staff, as well as the staff of the Council of Economic Advisers, the Domestic Policy Council, and the National Economic Council who have worked so hard on this project. Together with representatives of 12 federal agencies, they have identified exemplary partnerships as well as the best practices that we hope will lead others anxious to follow their example. Their work is a gift to the future.

-- William Jefferson Clinton

"Only through the creation of civil society, which depends greatly on volunteerism and philanthropic works, can any society really understand what it means to be a democracy, and then that democracy can be rooted in very, very strong soil."

First Lady Hillary Rodham Clinton
White House Conference on Philanthropy
October 22, 1999

FOREWORD by Hillary Rodham Clinton

Over the course of the nearly eight years my husband has been President, I've been privileged to represent our country in many of the world's newest democracies, places where people are just beginning to understand the responsibilities and benefits of freedom. Everywhere I go, people ask me, "How has the United States been able to make its democracy work for so many years?" I tell them about our traditions of citizen service and philanthropy. I tell them that our democracy thrives not just because of our free elections and our free markets, but because in that space between government and the economy – in our civil society – our citizens come together to help each other, to lend a hand in times of trouble, to support nonprofit organizations, and to determine how each one of us can do more to contribute to the broader good.

Our democracy thrives because of people like Myrian Bodner, a Kentucky homemaker who raised a quarter of a million dollars in relief supplies to help her native Nicaragua recover from Hurricane Mitch. Our democracy thrives because of Rev. Ann Pearson, who used her small inheritance to give each of her parishioners $10 to donate to a worthy cause. She found that the money grew as enthusiastic donors brought new opportunities and ideas for community service into the church and requested support for additional giving. Our democracy thrives because of people like Osceola McCarty. Ms. McCarty spent a lifetime washing, starching and ironing other people's clothes. She lived simply and frugally, and four years ago, decided to use her $150,000 life savings to endow a scholarship fund at a nearby university. "I'm giving it away so that the children won't have to work so hard like I did."

To honor heroes like these and highlight the American tradition of giving, the President and I hosted the first-ever White House Conference on Philanthropy in October of 1999. Giving has always been an important tradition in this country, and never has there been a better time to encourage and support this ethic. We are living in a period of unprecedented prosperity, a time when the new economy has produced new wealth and the baby boom generation stands poised to inherit at least $12 trillion from the World War II generation. Last year, donations to charitable causes reached a new high, totaling over $190 billion. Individuals accounted for 85 percent of that amount, up a third since 1995. As a percent of our gross national product, total giving exceeded 2 percent last year, the highest level since 1971.

Imagine what we could do if we increased our giving by just 1 percent: We could offer child care to more than 6 million children, deliver more than 250 million more meals to the home-bound elderly, and guarantee Head Start to every low-income preschooler in America. We could provide shelter to 4 million people, save all the rare books in our libraries, and still have more than enough money left over to create the equivalent of a Ford Foundation every year.

The White House Conference on Philanthropy was designed not only to honor and explore the phenomenon of giving in this country, but also to set in motion an examination of public-private philanthropic partnerships. Some of the most effective projects I have been involved with as First Lady have involved nonprofit partners, from the Millennium Council's Save America's Treasures initiative conducted with the National Trust for Historic Preservation, to Vital Voices, which enabled the State Department to leverage the resources of nongovernmental organizations in support of women around the world. These and other partnerships were examined by the Interagency Task Force on Nonprofits and Government, and are discussed in this report.

I want to thank all the individuals and groups who worked so hard to make the first White House Conference on Philanthropy such a success, as well as the Task Force members who have helped us shape the inventory of effective practices and the recommendations that will be a guide for future generations of government workers and nonprofit advocates looking for creative and practical ways to work together. I especially want to thank Ellen Lovell, Malcolm Richardson, and the staff of the White House Millennium Council; Melanne Verveer, Shirley Sagawa, Mary Ellen McGuire, Carol Beach, and Matthew Nelson from the Office of the First Lady; Bruce Reed, Eric Gould, and Julie Bosland from the White House Domestic Policy Council; Gene Sperling from the National Economic Council; and Kathryn Shaw, Kathleen McGarry, Chad Stone, Andrew Feldman and Audrey Choi from the Council of Economic Advisers. They have certainly made their gifts to the future.

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I. INTRODUCTION

By: Melanne Verveer, Assistant to the President and Chief of Staff to the First Lady; Bruce Reed, Assistant to the President for Domestic Policy and Director of the Domestic Policy Council; and Gene Sperling, Assistant to the President for Economic Policy and Director of the National Economic Policy Council
Co-chairs, Interagency Task Force on Government and Nonprofits

Nonprofit organizations transform cash into food, clothing, health care, and other forms of help for those in need; environmental protection; education; art; and other activities, goods, and services that improve the lives of all Americans. The nonprofit sector is an integral component of our national life, encompassing more than one and a half million organizations with operating expenditures in excess of $600 billion. From 1993 to 1998, the number of 501(c)(3) organizations increased from 575,000 to more than 730,000, and giving and volunteering is at an all-time high. Government is an important source of funding for these groups, with one study[1] estimating that, in 1997, "more than 30 percent of all federal spending in areas of concern to nonprofits was channeled through nonprofits for delivery of services." That translates to some $554 million in government money flowing to education, health, social welfare, income assistance, culture and the environment. In addition, nonprofits benefit from $143.7 billion in donations from individuals taking advantage of tax deductions for charitable giving, including $217 million in giving from federal workers through the Combined Federal Campaign, and access to the federal government's significant resources of information and technical assistance.

[1] A 1999 paper issued by the Nonprofit Sector Research Fund.

But more telling than the size and scope of the resources they receive is the new spirit of service and civic activism that are taking hold in communities across America. It is not surprising, therefore, that federal agencies would increasingly chose to work in partnership with nonprofit organizations toward common goals.

The Executive Memorandum that created the Task Force directed it to examine current partnerships between the federal government and the nonprofit sector and evaluate ways that these partnerships could be improved with an eye to helping both government and nonprofits better fulfill their missions. Specifically, the Task Force was charged with three tasks: (1) to develop a public inventory of "best practices" in existing collaborations between federal agency programs and nonprofit organizations; (2) to evaluate data and research trends pertaining to nonprofits and philanthropy; and, (3) to develop further policy responses.

This document represents the culmination of this Task Force's efforts to achieve all three objectives. It includes a wealth of examples of successful public-nonprofit partnerships and policy recommendations (objectives 1 and 3). Objective two was met by the Council of Economic Advisers' Report: "Philanthropy in the American Economy," which included an examination of the factors that affect giving and an investigation of trends that are likely to affect future giving. Moreover, several tax policy initiatives to foster philanthropic giving were included in the President's budget, helping to achieve objective 3; these proposals can be found at Appendix D.

In January, staff from the Domestic Policy Council, the Millennium Council and the Office of the First Lady surveyed federal agencies on the extent of, types of, and barriers impeding relationships with the nonprofit sector. The responses yielded dozens of examples of how this administration has broken new ground in the creation of partnerships. (The questionnaire used by staff to survey agencies can be found at Appendix E.) The team asked representatives from each agency to submit four nonprofit relationships or new approaches for working with nonprofit organizations for inclusion in a report. Once nominations were submitted, White House and agency staff met to judge each submission on the following criteria: innovation, ease of replication, and impact. Through this process, staff members were able to glean a set of "effective practices," develop a list of recommendations for other groups, and uncover some of the barriers to successful partnering.

Meanwhile, staff from the President's Domestic Policy Council, Office of the First Lady, and the Millennium Council met with representatives of the nonprofit community to solicit their input. The nonprofit representatives commended the work of some agencies for improvements they had undertaken in working with the sector and were generally supportive of the direction of the Task Force. The representatives also expressed concerns about issues related to excessive paperwork, conflicting regulations or processes, micromanagement of grants and contracts, and access to information. White House staff asked the organizations to survey their members for additional feedback; this request resulted in a survey by Independent Sector of its membership, as well as a response by the President of the Council on Foundations.

Finally, in early August, the members of the Task Force met to hear the details of the best submissions and to explore other examples to include. Quickly, though, the discussion took an unexpected turn: As we called on the agency representatives to discuss their partnerships, there was a palpable shift in tone. It may have begun when Father Joseph Hacala from the Department of Housing and Urban Development explained that he was about to fly to South Dakota for the "ground blessing" of a new youth center on the Pine Ridge

Reservation that the President had called for during his visit to the reservation during his New Markets Tour. Or maybe it began when a White House Fellow in HHS described the contribution of nonprofit partners to the success of the National Immunization Program. One by one, as the agency officials described their partnerships, other participants began to ask questions and to take extensive notes. We knew that virtually every agency represented in the room could boast of at least one successful partnership, but we had not foreseen the extent to which agencies operated in isolation and were eager for more information about new ways to partner with nonprofits.

This document is intended to fulfill the President's mandate as set out in the Executive Memorandum – to collect a public inventory of effective practices, develop a set of detailed recommendations, and identify barriers to successful collaboration. While the report is primarily focused on how government approaches these relationships and can do more to initiate or be receptive to nonprofit partnerships, we hope that it will prove useful to both government and nonprofit organizations and will encourage the development of new and innovative activities. Chapter 2 provides models of how federal agencies have joined with local networks to mobilize around shared goals. Chapter 3 shows how federal agencies have been able to access new populations and new perspectives by reaching out to a broader spectrum of nonprofits. Chapter 4 looks at ways federal agencies have been able to leverage resources through partnerships with nonprofits. Chapter 5 discusses approaches to share information. Chapter 6 includes federal efforts to improve the effectiveness of nonprofit organizations and the responsiveness of government. The final section of the report, Chapter 7, discusses effective practices for developing successful partnerships, identifies barriers to collaboration, and presents policy recommendations for the future.

The work of the Task Force makes clear that during the last eight years, federal agencies have increasingly developed innovative and effective partnerships with nonprofit organizations that have helped them address their most pressing challenges. We hope that this report will assist future administrations in forging these relationships and enhancing the vitality of the civil sector.

II. WORKING TOWARD SHARED GOALS

From immunizing our children and adults to protecting our environment, one way for the federal government to achieve its goals is to forge stronger and more efficient working relationships with the growing nonprofit sector. By developing mutually beneficial relationships with nonprofit groups, including shared decision making and goals, a federal agency can reach larger numbers of constituents and improve the quality of the services offered.

Thanks in part to this administration's enthusiastic endorsement of collaborative relationships, agencies have taken their joint endeavors with nonprofit groups beyond the traditional grantor-grantee model. In such cases, the government does more than define a program and write a check, handing off the work and reporting obligations to the nonprofit. Recognizing that nonprofits may, for example, be able to identify problems, mobilize fresh thinking and energy, and promote social change at the community level, agencies are increasingly capitalizing on opportunities to collaborate with nonprofit groups, devising and carrying out strategies that help them work toward and achieve common goals.

In the last eight years, federal agencies have developed new partnerships with nonprofits that are directed at achieving specific shared goals that could not be accomplished by either the agency or nonprofit organization on its own. The examples of such partnerships, described in this section, demonstrate how federal leadership and resources, combined with the ability of nonprofits to mobilize grassroots action, can lead to better outcomes than either the government or nonprofits could achieve alone.

The National Immunization Program

Vaccines are one of the greatest achievements of biomedical science and public health. Yet, despite remarkable progress, the US vaccine-delivery system faces several challenges in implementing increasingly complex vaccination schedules. An estimated 11,000 children are born in this country each day – each child requiring 19-23 doses of vaccine by the age of 18 months in order to be protected against 11 diseases.

In 1993, the Clinton Administration launched the National Immunization Program's (NIP), Childhood Immunization Initiative, and called on the Department of Health and Human Services (HHS) to provide leadership for the planning, coordination and conduct of immunization programs nationwide. Based at the Centers for Disease Control and Prevention (CDC), the NIP offers an excellent example of a federal-nonprofit partnership – or in this case, a series of partnerships. The NIP's goals for the year 2000 were: 1) at least 90 percent of all 2-year-olds would receive each of the initial and most critical doses of vaccines, as well as the recommended series; 2) vaccine-preventable childhood diseases would be eliminated or reduced; and, 3) a system would be put in place to make sure that these goals would continue to be met in the future. Once these goals were met, they were replaced with new 2010 targets.

While the NIP had the expertise and a national mandate to improve immunization rates, those at the helm recognized that grassroots children's health organizations and nonprofit coalitions would be more efficient at building awareness of the importance of childhood immunizations, educating parents about the benefits and risks associated with immunization, facilitating access to health care providers, and engaging private provider, corporate and foundation partners for support.

One such local group is the Colorado Children's Immunization Coalition (CCIC), a statewide public/private partnership itself, dedicated to fully immunizing Colorado children two years of age and younger. Stepping out of the old grantor-grantee model, NIP has provided initial training and technical assistance to CCIC, whose member organizations worked together to enhance childhood immunization using proven intervention. In addition, NIP has worked with the Colorado Department of Public Health and Environment to develop an immunization registry throughout Colorado, and launched a statewide public awareness campaign – called "Five Visits Before Age Two" – working closely with several funding partners, including Colorado's four professional sports franchises.

The partners cite two factors contributing to their success: First they share a clear and common goal, i.e., improving the immunization rates of children. Second, they are working to achieve both depth and breadth in their public service advertising activities. NIP has shared the lessons learned during its partnership with CCIC with other childhood immunization programs across the country, spreading the word and encouraging the creation of similar projects in other parts of the country.

The Food Recovery and Gleaning Initiative and Community Food Security Initiative

In November of 1996, President Clinton signed an Executive Memorandum directing all federal agencies – with U.S. Department of Agriculture (USDA) taking the lead – to work in partnership with nonprofit anti-hunger groups to increase the "recovery and gleaning" of excess food for distribution to the hungry. In September of 1997, Vice President Gore convened the first-ever National Summit on Food Recovery and Gleaning, the goal of which was to generate national attention for the issue, catalyze new public-private partnerships, and announce new federal projects. In the years since the summit, significant progress has been made toward creating a structure that, with the help of nonprofit groups, will continue to distribute food to hungry Americans.

The USDA Farm Service Agency played a critical role in bringing farmers with surplus food together with food banks and other groups whose mission is to feed the hungry. UDSA provided technical assistance and raised awareness about gleaning efforts. Through this initiative, USDA has helped grassroots food recovery projects distribute over 13 million pounds of excess food to nonprofit anti-hunger groups nationwide.

In addition, the Department has issued over 20,000 copies of a Citizens' Guide to Food Recovery and Gleaning, a how-to manual on starting and expanding nonprofit recovery efforts; produced a guide for National Restaurant Association members on how to donate excess food to nonprofit groups safely; and brokered a partnership between the technology firm, Hewlett Packard, and America's Second Harvest to create a Web site that links food producers with the America's Second Harvest food bank network.

Based on the success of the Gleaning and Food Recovery Initiative, in 1999 USDA launched a broader Community Food Security Initiative, which works on several fronts to help grassroots nonprofit groups fight hunger, improve nutrition, strengthen local food systems, and help families move from poverty to self-sufficiency. Through this initiative, USDA employees reached out to help anti-hunger organizations develop relationships with potential funders (both governmental and nongovernmental); create a "one-stop shop" to improve coordination between existing USDA programs and nonprofit groups; expand technical assistance to build long-term local infrastructure; and educate the public about food insecurity and innovative community and nonprofit approaches.

Through the Community Food Security Initiative, for instance, USDA has built a partnership with Share Our Strength (SOS) to expand Operation Frontline, a program that engages volunteer chefs to teach hands-on nutrition education classes, in which USDA provides thousands of cookbooks for program graduates, as well as technical assistance for the program on accessing appropriate federal and state funding. USDA has also worked successfully with World Hunger Year (WHY), a nonprofit organization focused on fighting international and domestic hunger, to publicize and distribute WHY's "Replication Manuals" highlighting effective grassroots hunger and anti-poverty programs in the United States. In addition, WHY and USDA have co-sponsored regional technical assistance workshops throughout the country to connect nonprofit hunger and poverty groups with the resources and expertise of federal agencies. By working closely with nonprofit organizations in a variety of ways, the Agriculture Department used its expertise, broad reach, access to food producers, and other "assets" to improve its effectiveness in an area central to its purpose. It has achieved tremendous success in building innovative public/private partnerships at the grass-roots level with community and faith-based organizations, national nonprofit organizations, and state, tribal, and local governments to help reduce hunger, improve nutrition, strengthen local food systems, and help Americans move from welfare to work.

Chesapeake Bay Cleanup

With the signing in 1983 of the first Chesapeake Bay Agreement, the Environmental Protection Agency (EPA) launched the Chesapeake Bay Program – a unique regional partnership that has been directing and conducting the restoration of the Chesapeake Bay. Program partners include the Environmental Protection Agency, the states of Maryland, Pennsylvania and Virginia, as well as the District of Columbia, the Chesapeake Bay Commission (a tri-state legislative body) and several citizen advisory groups and nonprofits – primarily the Chesapeake Bay Foundation and the Alliance for the Chesapeake Bay.

The Bay Program continues to operate under subsequent Agreements, and on June 28, 2000, amid national media attention and in front of 600 citizens on the shores of the Chesapeake Bay in Rose Haven, Maryland, federal, state and local officials unveiled the newly signed *Chesapeake 2000* agreement. The momentous day was the culmination of an intensive year and a half-long process by the Chesapeake Bay Program to develop a blueprint to take the program into the 21st Century. The process included a public outreach and participation component, which garnered input from over 2,000 stakeholders and members of the public over the course of a year. This extensive outreach led to strong public support for a comprehensive agreement that will guide the Bay Program for the next decade and beyond.

Chesapeake 2000 contains very real and measurable numerical goals that are focused on desired outcomes. The reason the media paid so much attention to the signing ceremony and subsequent work on this project was that the agreement was groundbreaking in a number of ways. For example, *Chesapeake 2000* directly addresses the issues of sprawl and livability that have become significant national concerns. It also includes commitments by the Bay Program partners to reduce the rate of sprawl development of forests and farms by 30% by 2012 and to permanently preserve 20% of the Bay watershed by 2010. These are real commitments that have not been made anywhere else in the nation. Some other groundbreaking commitments include:

- removing the Bay and its tidal tributaries from the Impaired Waters List by 2010;
- striving for zero release of toxic chemicals and phasing out mixing zones by 2010;

- no net loss of existing wetlands, and a net gain of 25,000 acres by 2010;
- tenfold increase in oysters by 2010, and the establishment of Baywide crab harvest numbers in 2001;
- enhanced environmental education including an outdoor Bay or stream experience for ALL students in the watershed beginning with today's 8^{th} graders; and
- increasing public access points to the Bay by 30% by 2010 and increase water trails by 500 miles by 2005.

In this multi-party alliance, the role of the federal agency – the EPA – is to provide leadership, through its Chesapeake Bay Program Office in Annapolis, Maryland, along with administrative, technical, financial and other information assistance. The nonprofit partners such as the Chesapeake Bay Foundation and the Chesapeake Bay Alliance play different roles that utilize their outreach capacity, volunteer networks, and extensive education programs to advance the shared goal of cleaning up the Bay. They are involved in a range of restoration-related efforts, including educating citizens on flood control and stream-bank erosion and teaching innovative monitoring procedures, training a corps of citizens to provide physical assistance to farmers in planting riparian buffers, and installing fencing to keep livestock out of critical sites.

Other initiatives, such as Businesses for the Bay, have provided partnerships between the business community and the Chesapeake Bay Program to voluntarily reduce toxic waste being released to the water or the air. Larger companies who are members of Businesses for the Bay have mentoring programs for smaller businesses in how to decrease their waste stream. In 1999 alone, members of Businesses for the Bay reduced releases by 773 million pounds. There is success on several fronts, but an onrushing tide of population growth, landscape changes and increased vehicle travel within the Bay watershed, means that much more remains to be done.

The Children Exposed to Violence Initiative

In December of 1998, President Clinton unveiled the Children Exposed to Violence Initiative, funded primarily by direct grants from the Department of Justice (DOJ). The Initiative has expanded into a full multi-agency, multi-disciplinary effort designed to reduce child maltreatment across the country. Based on a strong commitment to this effort by the agency leadership, this partnership has led to the proliferation of dramatically successful prevention and intervention on behalf of abused children.

CEVI is designed to coordinate and expand upon the Justice Department's policies and programs that are aimed at helping children who are victims of or witnesses to violence. Among the many projects funded by the CEVI is a monograph called "Breaking the Cycle of Violence: Recommendations to Improve the Criminal Justice Response to Child Victims and Witnesses." The monograph describes in detail many of the strategies that communities can adopt to protect child victims of violence and witnesses.

In addition, in June of 1999, DOJ convened a National Summit on Children Exposed to Violence. Called "Safe from the Start," the summit brought together experts in law enforcement, child development, medicine, mental health, domestic violence, education, and the media. The goal of the meeting was to identify model prevention, intervention and accountability practices, as well as to develop a National Action Plan to address the needs of child crime victims and witnesses.

After the success of the National Summit, DOJ challenged state and local leaders to convene statewide summits to address the issue of children exposed to violence from a regional perspective. A dozen states, including Massachusetts, Illinois, New York, Oregon, Connecticut and California, staged successful regional summits.

CEVI has five objectives: 1) developing justice system reform; 2) legislation reform; 3) program support; 4) public awareness 5) and, a parenting initiative for 8th graders. The Justice Department offers direct grants to promising local programs such as New Haven's Child Development - Community Policing project. An extraordinary example of a multidisciplinary intervention program that delivers results, the Yale Child Study Center, the New Haven Police Department, area schools, and state child protective services designed to provide immediate mental health services to the child crime victims and witnesses. In New Haven, experts in treating traumatized children and families respond with law enforcement officers at every crime scene where children are involved and in need. Police officers train the child development specialists; the mental health providers train the law enforcement; and children are the winners.

While CEVI focuses on children outside of court, other promising intervention programs focus on children once they enter the justice system. In over 350 communities, Children's Advocacy Centers train law students to work with children outside, making sure that the very system designed to protect them, does not victimize them yet again.

Conclusion

Scores of other examples of successful partnerships show the benefits of federal agencies providing national leadership in concert with local mobilization to accomplish shared goals. DOJ's Operation Weed and Seed has created a network of local groups to devise strategies to "weed out" violent crime and drug abuse and "seed" neighborhood improvements. The Continuum of Care initiative in the Department of Housing and Urban Development (HUD) creates incentives for local groups to work together to develop comprehensive, long-term approaches to moving people who are homeless into permanent housing and self-sufficiency. And, through the 5 Goals 4 Kids program, HHS, DOJ, and Education, with the assistance of nonprofit partners like the United Way, are working to enroll uninsured children in the State children's health insurance program called SCHIP.

These and other examples demonstrate how federal agencies and nonprofit organizations that share goals and work together can maximize their effectiveness. In some cases, the federal agency has brought funding to the partnership; in others, they use their technical expertise and leadership to catalyze action. Nonprofit organizations bring their own knowledge and networks to the task. There is no one model, but there are common practices that can be replicated to stretch resources further, meet common goals and solve common problems. As the nonprofit sector grows in size and importance, there will be even greater opportunity to forge partnerships that marry the mighty power of the federal government with the vast on-the-ground capabilities of tens of thousands of nonprofit groups, businesses and citizens – all addressing pressing public problems and all working toward common solutions.

III. REACHING OUT TO A BROADER SPECTRUM OF NONPROFITS

Some nonprofits – particularly the larger, well-established organizations that receive significant federal funding – traditionally work closely with federal agencies. But others, because of their lack of connections, limited resources, size, and other barriers, do not. Nonetheless, these less well-represented organizations are important partners to federal agencies and important advocates for their constituencies. For this reason, the Clinton Administration has made it a priority to invite the participation of a broader spectrum of nonprofits through a variety of mechanisms.

Working with faith-based organizations

Historically, federal agencies have approached partnerships with faith-based organizations cautiously, due to the constitutional separation of church and State. However, because of the importance of faith-based organizations to many communities across America, the Clinton Administration has explored new ways to build close working relationships with religious organizations, while respecting constitutional requirements. For example, this year there were some 6,000 AmeriCorps members serving with faith-based organizations; thousands of religious organizations help get emergency food from USDA to the hungry through food banks, food pantries, and hot meals programs; and under the welfare reform law, states have the authority to provide welfare funding to faith-based organizations to provide mentoring and other supports as people move form welfare to work.

The Center for Community and Interfaith Partnerships

One particularly visible and successful example of a federal agency reaching out to faith-based organizations is HUD's Center for Community and Interfaith Partnerships. Established in 1997, the Center is the first office in a federal agency specifically created to address the needs of community- and faith-based organizations that participate or are interested in federal grant programs. The Center fulfills its mission in several ways: First, it acts as a clearinghouse, providing information about HUD programs available to fund community-building efforts, publicizing best practices in implementing HUD programs, and performing education and outreach targeted at nonprofits that either have never received grant assistance or are interested in expanding their activities. Second, the Center acts as a troubleshooter, assisting nonprofit groups in navigating the HUD system, resolving problems, and responding to community and faith-based group inquiries and concerns. Third, the Center serves as an advocate within the department for community and faith-based groups – ensuring that their interests are considered when HUD policies and programs are being developed. Furthermore, the Center is designed to ensure that community and faith-based groups are included in initiatives, outreach and educational activities conducted by HUD and its specific program areas.

The Strategic Approaches to Community Safety Initiative

Another partnership that taps into faith-based and community-based groups is called the Strategic Approaches to Community Safety Initiative (Strategic Approaches). Partners include United States Attorneys, local law enforcement, and community and faith-based organizations whose goal is to reduce crime. The Middle District of North Carolina, which includes Winston-Salem and High Point, N.C., has established a particularly promising relationship with clergy and other community leaders called Operation Reach.

Operation Reach involves home visits where police officers, probation officers, clergy, and community leaders go on probationer home visits together. The presence of a team of clergy and police together appears to be working in these cities. Together they stand, ready to deliver a stern message and to offer the services of the community to these individuals. All available evidence suggests that this method is working. As a matter of fact, the evidence also tells us that not only are members of the community safer, but police officers are also safer in the company of members of the clergy than they would be alone.

Outreach to Small Grassroots Organizations

Grassroots groups, like faith-based organizations, have not always found it easy to gain access to federal resources and information. However, these smaller, community-based organizations often enjoy the trust of low-income communities and currently underserved populations, such as women and minority communities. For this reason, federal agencies deploy a variety of strategies to support and develop the capacity of grassroots programs that help bring federally supported services to those who most need it.

Technical Assistance Grants

Another approach taken by federal agencies is to provide technical assistance to targeted community groups. Cleanup of hazardous waste sites is a complicated process in which few local people can participate without the aid of experts. To assure that local residents can participate in the cleanup process, EPA makes Technical Assistance Grants (TAG) available to qualified local nonprofits. Most TAG funds are used to hire independent technical advisors to help communities interpret, understand, and comment on site-related decisions. The types of support an advisor can provide include helping groups review site assessment/investigation data, participating in public meetings to clarify information about conditions, and visiting site locations during cleanup to observe and provide technical updates to the community. In this way, the EPA's program gives nonprofit groups, organizations and coalitions the power to determine the future of their own neighborhoods. To date, EPA has awarded approximately 235 grants valued at more than $18 million. Numerical information only speaks to part of the program's results, however. Without questions the most important results are those the program generates within communities. The following quote, from a TAG organization associated with the Aberdeen Proving Ground sites in Maryland, provides a qualitative description of how one nonprofit organization views the benefits the TAG program has garnered for its community:

> *"The funding awarded to Aberdeen Proving Ground Superfund Citizens Coalition (APGSCC) through the US EPS TAG program has enabled our group to effectively serve as a resource in the community through which citizens can take part in and learn about many human health and environmental issues related to the hazardous chemicals present at Aberdeen Proving Ground."*

Financial Services Education Coalition

Low-income recipients of federal and state benefits, who have traditionally had less contact with banks and other financial institutions, are now faced with the conversion of many benefits from checks or coupons to electronic benefits transfers (similar to debit cards). The Treasury Department joined together with other government agencies, national organizations, consumer groups, and financial trade associations to form the Financial Services Education Coalition, which published a comprehensive guide for community educators called, "Helping People in Your Community Understand Basic Financial Services."

In addition, the coalition has developed a community outreach initiative to share information with individual recipients, either directly or through the organizations that are in touch with them. Regional managers provide train-the-trainer sessions around the country to ensure that people who work with recipients on a regular basis, whether social workers or community activists, understand the new electronic benefit systems. In many regions of the country, Treasury has issued mini-grants to community-based organizations, faith-based groups and nonprofit social service agencies to conduct these sessions.

The campaign also coordinates meetings to bring banks and credit unions together with community organizations to encourage dialogue and strategic partnerships between service providers for the "underbanked" check recipients and local financial institutions.

Women Business Centers

Recognizing that women have historically been underrepresented in the business community, the Small Business Administration funded nonprofit organizations to serve as Women Business Centers (WBCs) to provide extensive training to women who own small business. Each center provides women with assistance and/or training in finance, management, marketing, procurement and the Internet, while addressing specialized topics such as home-based businesses, corporate executive downsizing and welfare-to-work. WBCs work extensively with chambers of commerce, civic organizations, and economic development groups to offer services in all communities, including rural and economically depressed areas. All provide individual business counseling and access to the SBA's programs and services.

ACCION Texas

Recognizing that community-based initiatives are often better able to get services to underserved communities, the Department of Commerce invested in needed infrastructure to help ACCION Texas provide entrepreneurial support to a largely Hispanic community undergoing a military base closing. ACCION Texas is a nonprofit community development program that offers small loans – sometimes known as "microcredit" – to individuals who are starting or own a very small scale business in an economically depressed community in San Antonio, Texas. In May 2000, the Economic Development Administration awarded a $500,000 grant to ACCION Texas to purchase and rehabilitate a building that will house the statewide headquarters of ACCION, a storefront microcredit lending office and a regional center for economic development. In its new location, this facility will deliver small loans and ongoing technical assistance to entrepreneurs in the heart of impoverished communities. ACCION Texas not only helps microentrepreneurs strengthen their businesses, it helps them create additional employment and contribute to the economic revitalization of their communities. Typical ACCION borrowers include small family-owned storefronts and home-based businesses. The majority of ACCION Texas borrowers are low-income, Hispanic women.

Conclusion

Without special efforts to reach beyond the well-funded organizations with Washington representatives and staff dedicated to grant-seeking, federal agencies might well neglect the communities that most need services. By working closely with intermediary organizations and coalitions of small grassroots organizations, streamlining the grant-making process, creating an office or designating an individual to serve as a nonprofit liaison, providing technical assistance to organizations that serve hard-to-reach constituencies, or setting aside resources for underserved groups, federal agencies can deepen their reach into previously under-served communities.

IV. LEVERAGING RESOURCES

For maximum effectiveness, partnerships may need to involve not just the federal agency and nonprofit organization, but also business, state and local government agencies, or foundations. In some cases, resources are needed to achieve shared goals that are not available through either the federal government or nonprofits, such as marketing expertise and media access. In others, private sector funders may find that their resources go further if they work closely with agency program staff to create synergies among the different funding streams. In still others, the federal agency may use its visibility or expertise to catalyze action by private sector funders in specific areas.

Joint Sponsorship of Events or Projects

An increasingly common form of partnership is joint sponsorship of events or projects. In 1997, for example, the Corporation for National Service joined forces with the nonprofit Points of Light Foundation, created during the Bush Administration, to organize the Presidents' Summit for America's Future. All the living Presidents, with Nancy Reagan representing her husband, gathered in Philadelphia to urge every American to increase the nation's commitment to its young people – a commitment that has since been captured in "Five Promises" for youth -- caring adults, safe places, healthy start, marketable skills, and opportunities to serve – now promoted by the new nonprofit, America's Promise.

Save America's Treasures

One of the centerpieces of President and Mrs. Clinton Millennium Program is Save America's Treasures, a new national preservation program organized by the WH Millennium Council in partnership with the National Park Service and the National Trust for Historic Preservation. The Millennium Council was created in 1997 to invite all America's to mark this historic time in meaningful ways, to "Honor the Past and Imagine the Future," as the millennium motto states.

President and Mrs. Clinton wanted to find ways to celebrate our culture and history and to make sure that a future generation of Americans understood the many peoples and stories that have shaped our nation. They were aware that great national treasures, such as the Star-Spangled Banner, the Declaration of Independence, the US Constitution and many historic sites were at risk of deterioration. After consulting with the National Park Service and a number of nonprofit preservation organizations, the Millennium Council realized that the preservation challenge was widespread and affected many artifacts, doucments, monuments, art objects and historic structures across the country. To save our historic legacy seemed to be a gift to the future that could be made for the millennium, and like all successful preservation initiatives, it needed leadership and partners. The President proposed, and Congress approved some $95 million over three fiscal years in new federal funds to the National Park Service for a national grants program. Each federal Save America's Treasures grant must be matched by the same amount in state or private funds, and the successful applicants were collections and sites of national significance and educational value. Projects as diverse as Ebenezer Baptist Church in Atlanta, Mesa Verde National Park, Saving the Silent film preservation and Ellis Island were supported.

At the same time, the Millennium Council consulted with and gained the cooperation of the National Trust for Historic Preservation -- the oldest and largest preservation nonprofit in the country. The Trust was convinced that once people knew about the important aspects of our heritage that were at risk, they would want to help save them. The Trust organized the Millennium Committee to Save America's Treasures, a group on about 100 citizens, some of whom were new to preservation efforts. Mrs. Clinton served as the honorary Chair of the group which is co-chaired by Richard Moe, the Trust's president, and by another prestigious member, Susan Eisenhower. That group began learning about sites and objects that needed immediate support, and, by October, 2000, they contributed and raised almost $60 million in private funds for conservation projects such as George Washington's Revolutionary War tents, the Louis Armstrong House and Archives, the M'Clintock House at the Women's Rights National Park, the Harriet Tubman Home and many more. The Trust also contributed a web site, with support from AT&T, and produced educational material for teachers and schools with support from Time-Warner. The Trust recognized all the sites that received public or private funding, plus others of regional significance by naming 700 of them "Official Save America's Treasures sites."

To kick off this partnership program, President and Mrs. Clinton stood before the fragile Star-Spangled Banner at the National Museum of American History, before the flag went to its special conservation laboratory at the museum. Beside them stood Ralph Lauren, whose company Polo Ralph Lauren had donated $10 million to save the flag, and Rebecca Rimel, president of the Pew Charitable Trust, which gave $5 million. The flag also received a federal Save America's Treasures grant. This was the first of some 45 Treasures events for the Clintons, Vice-President Gore and Richard Moe.

So far, the program has funded over 220 sites and collections with public and private funds, and has greatly raised public awareness of the importance and condition of our heritage. Given these results, Save America's Treasures has a high probability on continuing into 2001and beyond.

Vital Voices

In the foreign policy arena, the State Department's Vital Voices Democracy Initiative shows that partnerships can cross international boundaries to make a lasting and positive difference in the lives of foreign citizens as well as Americans. Launched in 1997 to amplify and support the voices of emerging women leaders around the world, Vital Voices built on the Plan of Action passed by the delegates to the United Nations Fourth World Conference on Women. Thanks to the leadership of the First Lady and the Secretary of State, women's rights have taken their place as part of the mainstream of American foreign policy.

Vital Voices relies heavily on donated in-kind training, support and expertise from non-profit organizations, and has leveraged corporate support from a host of national and international businesses. Organizations such as Discovery Communications, McKinsey & Co., the World Bank and Georgetown University have partnered with Vital Voices to, among other activities, host technology training sessions, fund Web site development, coordinate research symposia and engage additional private and public sector partners.

One example of the way in which Vital Voices works is the Vital Voices conference held in Belfast, Northern Ireland on August 31 - September 2, 1998. The U.S. government co-sponsored this event with the Secretary of State for Northern Ireland, Dr. Marjorie Mowlam, and the First and Deputy Ministers of the Shadow Northern Ireland Assembly, David Trimble and Seamus Mallon. The Conference brought together 400 women from Northern Ireland, Ireland, Scotland, Wales, England, and the United States to establish new relationships, expand partnerships, and secure resources to strengthen the roles of women in democracy.

In her keynote address at the Conference, the First Lady announced over $2 million in public-private partnerships to support the Vital Voices objectives, including media training, mentoring and economic development projects for women. Follow-up activities are underway to implement the partnerships developed in Belfast and to create new initiatives supporting the conference goals.

Vital Voices continues to create unprecedented partnerships and has unleashed a growing global movement of people who support women building strong democracies. For more information, go to the Vital Voice Web site http://www.usinfo.state.gov/vitalvoices/.

National Peace Corps Association

For example, the National Peace Corps Association (formerly the National Council of Returned Peace Corps Volunteers) was incorporated in 1983 as the national alumni association for the people who have served as volunteers and staff in the Peace Corps. It is a nonprofit 501(c)(3) organization with over 11,000 members and 130 affiliated groups, and it includes among its goals a mission to educate the public about other countries and cultures, support the network of Peace Corps alumni and groups, promote domestic and international community service, advance policies and programs consistent with the Peace Corps experience, and ensure the continued success of the Peace Corps. Other programs with similarly dedicated nonprofit partners include AmeriCorps (AmeriCorps Alums), the Park Service (the National Park Foundation), the Art in Embassies Program (Friends of Art and

Preservation in Embassies), Head Start (the National Head Start Association), and most recently, the National Endowment for the Humanities (the National Trust for the Humanities).

US Coast Guard Auxiliary

Another example of a dedicated nonprofit partner is the US Coast Guard Auxiliary, the civilian volunteer arm of the Department of Transportation's United States Coast Guard that assists in promoting boating safety awareness, and protecting boaters on the water. Over the course of 61 years of service, Auxiliary members have saved thousands of lives. And, since the enactment of the Coast Guard Authorization Act of 1996, their role in non-traditional missions, such as marine environmental protection, recruiting, and public affairs, has grown substantially. In addition to their traditional role in water safety, through its Sea Partners program, volunteer Auxiliary members spend thousands of hours educating the public about environmental issues and the prevention of pollution, possible waterway dangers and threats to life. Its 35,000 volunteers perform voluntary safety checks on thousands of commercial fishing boats, ensure compliance with Federal safety regulations and give direct assistance to Coast Guard rescue missions. A recent study showed that each dollar invested in the auxiliary returns about four dollars in prevention and response services. In addition to its economic value, the Auxiliary gives the boating community a sense of purpose and pride in being "self-regulated."

Partnerships with Private Sector Funders

A small but growing number of foundations have found that their funds go further or have a greater impact if they work in tandem with other funders, including federal agencies. As Council on Foundations President and CEO Dorothy Ridings notes:

> Beyond the goal of sharing information, agencies and foundations could also explore ways in which they can work together from the outset to design and implement programs. For example, federal agencies could benefit from the lessons learned from experimental programs funded by foundations. In turn successful programs that federal agencies implement might help prompt foundations to support and build upon similar efforts. Such coordination may give more legitimacy to both public and private efforts, avoid duplication of resources, help fill service gaps and better achieve policy goals.[2]

Ridings offered several current examples of foundation work with agencies, including the Packard Foundation's work with the Department of the Interior on land use issues and with the State Department on programs in developing countries; the Enterprise Foundation's partnership with the Department of Housing and Urban Development on community development and housing issues; the Robert Wood Johnson Foundation's work with the Department of Health and Human Services on establishing immunization monitoring systems; and the W. K. Kellogg Foundation's coordination with the Corporation for National Service on service learning issues.

The President's 21st Century Community Learning Centers Program

For the last three years, the Department of Education and the Charles Stewart Mott Foundation have worked together on the President's 21st Century Community Learning Centers grant program to create community-based after-school programs. Together, they

[2] Letter to Shirley Sagawa, Deputy Assistant to the President and Deputy Chief of Staff to the First Lady, March 10, 2000.

created the Afterschool Alliance, a coalition devoted to raising awareness and expanding resources for afterschool programs. JCPenny, the Advertising Council, Entertainment Industry Foundation, and the Creative Artists Agency Foundation, are among the many partners in this coalition. The Afterschool Alliance's vision is to see that every child in America will have access to quality afterschool programs by the year 2010. Toward this end, the Afterschool Alliance has secured millions of dollars in direct and in-kind contributions for the program. The Department of Education administers the program and supplies these funds to local communities through a competitive grant process.

The Department of Education has worked together with the Charles Stewart Mott Foundation, the National Center for Community Education, the National Community Education Association, the National Association for Bilingual Education and other regional and local organizations to provide training and technical assistance, program evaluation, and public awareness, to ensure that all school districts can prepare high-quality applications. Simply by providing technical assistance on how to complete applications for federal funding, the Foundation has broadened the pool of recipients significantly over the past three years. The average standardized score for grant applications has gone from 72 in 1998 to almost 80 in 2000. This year alone, over 1,300 applications, of the 2,253 received, earned an average rating of 75 or above.

Over the next six years, The Charles Stewart Mott Foundation has committed more than $95 million to continue providing technical assistance in every state, track national attitudes on after-school programs through surveys and research data, and conduct a public education campaign as part of the Afterschool Alliance. In a validation of the initiative's success, the majority of education legislation passed last year included requirements for local or state level partnership or collaboration.

The National Community Development Initiative

The National Community Development Initiative (NCDI) was created in the early 1990s when the Rockefeller Foundation found that there was significant public, philanthropic and corporate interest in developing a collaborative mechanism to provide financial and technical support to nonprofit community development corporations. NCDI now combines resources from 15 major national corporations and foundations, HUD, and local public and private organizations to offer grants and low-interest loans for locally driven efforts to improve distressed inner city neighborhoods. With these resources, community-based nonprofit groups build houses, develop health and day care centers and other neighborhood facilities, create jobs and business opportunities, and help residents gain an economic stake and voice in their communities.

Core funders of the initiative are providing a total of $103 million – an amount that, when coupled with financial resources committed by over 250 local partners, including state and local governments, local foundations, banks and corporations, is expected to generate more than $2 billion for community revitalization. This initiative demonstrates how a large federal agency can improve the quality of life at the neighborhood level by establishing relationships with local community-and faith-based organizations.

Catalyzing Private Sector Action

Youth Opportunity Movement

In 1998, the Department of Labor (DOL) created the Youth Opportunity (YO!) Movement to build on $1 billion in Department funds for "out-of-school youth." The YO! Movement is a catalyst, not a government program. The role of the Department is to create a ground swell of support for the employment and social needs of out-of-school youth. Through the YO! Movement, corporations provide jobs, internships, apprenticeships and mentoring opportunities; foundations provide funding to local programs for capacity-building, technical assistance, leadership development and research; and celebrities volunteer time to promote the movement through public service announcements and public appearances. DOL brings the issue to the public arena and generates leadership among corporations, foundations and celebrities.

One important collaboration that has come out of this initiative is the YO! Leadership Institute operated by the National Center for Strategic and Nonprofit Planning (NPCL). Jointly funded by DOL and the Ford, Mott and Rockefeller Foundations, NPCL recently convened its first training session for 400 practitioners who work with youth. NPCL, a practitioner-driven nonprofit based in Washington, DC, is able to build a curriculum that effectively meets the needs of front-line youth workers through a multi-level approach of training, mentoring and job shadowing.

The Welfare to Work Partnership

The Welfare to Work Partnership is an especially successful example of a nonprofit created to help implement new federal policies and dedicated to mobilize private sector action. When President Clinton signed the Personal Responsibility and Work Act of 1996 (more commonly referred to as the Welfare Reform Act), he understood that the successful transition of hundreds of thousands of Americans from welfare to work would require a national mobilization of private-sector employers. Five founding companies created the Welfare to Work Partnership in response, and in the ensuing four years, more than 20,000 additional companies signed on, pledging to hire welfare recipients without displacing existing workers. Through foundation, corporate and government grants, the Partnership provides information and technical assistance to companies nationwide, encouraging them to hire, retain and promote welfare to work employees. Since the founding of the Partnership, member companies have hired an estimated 1.1 million former welfare recipients, who earn, on average, $7.80 an hour or, if salaried, $19,641. Sixteen percent of the companies say they have actually saved money by creating welfare to work program, with savings averaging $5,803 per company.

Conclusion

By working closely with nonprofit partners, federal agencies have been able to leverage additional resources and mobilize private sector actors towards a common goal. Although some federal agencies have the legal authority to solicit donations, some may accept but not solicit contributions, and some may do neither. Furthermore, many donors are unable or uninterested in making donations to taxpayer supported agencies. Nonprofit partners can therefore play an important role in raising private sector funding for initiatives, engaging volunteers, and reaching out to businesses and foundations.

V. SHARING INFORMATION

Nonprofit organizations say that, when working with the government, access to information is a priority – from data that is available on the nonprofit sector itself, to information on best practices and opportunities for funding. At the same time, many federal agencies report that they are dependent on nonprofit networks to disseminate information to specific constituency groups. Partnerships are one effective approach to improving the flow of information in both directions; use of information technology is another.

Uses of the Internet

More than a dozen federal agencies – from the Departments of Education and Energy to the Small Business Administration and the General Services Administration – offer funding, services, or information pertinent to nonprofit organizations. For nonprofits unfamiliar with the structure of the federal government, navigating these agencies to identify useful resources can be a challenge. The Nonprofit Gateway – www.nonprofit.gov – was built in 199_ to serve as a central starting point to help nonprofit organizations access online Federal information and services. Specialized, issue-specific sites have also been developed, such as www.afterschool.gov, to connect information-seekers to federal resources that support children and youth during out-of-school hours.

EDSITEment

Another issue-specific site, EDSITEment – "The Best of the Humanities on the Internet" -- is a portal site on the Internet created by the National Endowment for the Humanities in partnership with the nonprofit Council of the Great City Schools and the MCI-Worldcom Foundation. EDSITEment (found at EDSITEment.neh.gov) links teachers and students to humanities-based Web sites inside and outside of government that meet rigorous standards of excellence and educational utility. Customized learning guides demonstrate how to use the site as an instructional tool. Primarily designed for teachers, it can also be used by students, parents, and the public. The site currently averages over 26,000 hits per day, and perhaps more significantly, a recent survey of users indicated that nearly 7,000 users had used the site more than once. EDSITEment continues to receive favorable reviews from educational journals and websites, and the number of user sessions has increased from academic year to year.

In addition to using the Internet's full potential to share information, the EDSITEment project has also leveraged significant private resources, including $1.7 million from the MCI WorldCom Foundation. Energized by the success of EDSITEment, the MCI Worldcom Foundation has used it as a model for structuring six additional sites in other areas of the curriculum, enlisting several major nonprofit groups in the process: geography (The National Geographic Society), sciences (American Association for the Advancement of Science), economics (Economics education), mathematics (National Council of Teachers of Mathematics), and the arts (the Kennedy Center).

Strategies To Disseminate Information Through Nonprofit Networks

Partnership for Family Involvement in Education

Some agencies have found it useful to build networks of nonprofits and others with common interests as a means to disseminate information and link like-minded organizations with one another. For example, the Partnership for Family Involvement in Education was created in 1994 by Education Secretary Richard Riley to promote and foster partnerships and communication among schools, parent organizations, faith-based groups, community nonprofits, and employers. Its goal is to spread the message that entire communities should be involved in education and that all types of groups can make valuable contributions to help increase family involvement in a child's schooling. To encourage such support and to bring groups together, the Partnership convenes meetings, directs research, develops partnership guides, hosts teleconferences, and provides a newsletter and Web site and extended technical assistance to communities and community groups interested in advocating for education. The goal is to have partners connect with each other, pool resources and ideas, share their best practices and be recognized for their efforts.

National Spatial Data Infrastructure

Federal agencies can also play an important role in consolidating information from a variety of federal and nonfederal sources to make it easier for users to access. The National Spatial Data Infrastructure (NSDI) is an excellent example of a partnership that includes multiple nonprofits working in concert with government and industry to build an electronic infrastructure bringing together all the national geographic databases on the Web. The United States Geological Survey provides ongoing staff and funding support to the data coordination activities of the Federal Geographic Data Committee (FGDC). The FGDC is an interagency committee that promotes the coordinated use, sharing, and dissemination of geospatial data (environmental data, population, and social statistics are examples of geospatial data). One of FGDC's primary goals is to develop an easily accessible 'national' resource of this information – the NSDI. Governments at all levels, businesses, and other public and private sector institutions are universally recognizing the value of place-based information in managing complex natural and social environments. Geographic information is part of almost all government and business processes, but in the past has been collected to serve narrow interests and has not been shared or integrated across organizational boundaries. No one agency or organization can or should build all of its geographic data or decision support needs alone. The NSDI is providing the ability for users to find, get and use geographic information they need to address issues of concern to their community.

Recognizing that a variety of constituencies have a stake in building the NSDI, FGDC has established relationships with industry, local governments, and non-governmental organizations such as the National Association of Counties, the National States Geographic Information Council and the Open GIS Consortium to create and review the infrastructure. Among their activities, cooperating groups participate in several FDGC activities including: promotion of FGDC-endorsed standards for geospatial data transfer, content, collection, and quality control; standards development, review and implementation; and participation in the National Geospatial Data Clearinghouse and the National Geospatial Data Framework. Working with a large variety of groups not only provides access to an expanded geospatial data community, it also fosters increased communication and collaboration among public and private sector organizations within the geospatial data community.

National Campaign to Prevent Teen Pregnancy

In President Clinton's 1995 State of the Union, he challenged parents and leaders across the country to come together in a national effort to reduce teen pregnancy. The National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was founded in February 1996 in response to this call to action. Supported almost entirely by private donations, this nonpartisan organization is independent of the government, but works collaboratively with the HHS and other federal agencies that deal with young people, to disseminate information to youth, parents and communities.

In October 1999, the National Campaign and HHS jointly released "Get Organized: A Guide to Preventing Teen Pregnancy." This guide stresses the importance of long-term, localized approaches to teen pregnancy prevention, with careful evaluation to document results and aid in program improvement. The guide covers how to conduct community needs assessments, how to raise funds for prevention programs, how to craft a prevention message and how to move forward in the face of conflict. In addition, it offers proven approaches to engaging and effective ways to involve teen boys and young men, parents, the faith community, businesses and health professionals. Both HHS and the Campaign have publicized this guide and it has been widely disseminated, both in hard copy and through the HHS website. The Campaign has also engaged private sector media partners and advertising agencies to develop and disseminate messages aimed at teenagers and their parents.

Conclusion

Public-private partnerships are serving as an effective way for agencies and nonprofit organizations to exchange or disseminate information; new technology can only increase the possibilities for improvements in this area. Not only can collaborative Web sites consolidate access to federal resources in one place or post information from a variety of sources on a specific topic – the interactive nature of the Internet also makes it possible for users to connect with one another (as on the planned Vital Voices site) and post their own information (as can be done on the National Partnership for Family Involvement in Education site). These types of Web sites call for even greater cooperation between nonprofits and government to get relevant information from both sectors to end-users through a single, easily accessible site.

VI. IMPROVING THE EFFECTIVENESS OF NONPROFIT ORGANIZATIONS

Federal dollars make up a significant portion of the overall budgets of many nonprofits. Unfortunately, however, the complexity of federal regulations, inconsistent applications and policies among different federal programs, and excessive paperwork may make the receipt of federal funding a mixed blessing. Some have argued that federal practices and policies actually undermine the effectiveness of many nonprofit organizations, as they are forced to allocate excessive resources to complying with federal rules.

The Clinton-Gore Administration has made it a priority to reverse this problem, seeking to create a government that removes stumbling blocks for nonprofits and affirmatively helps build up nonprofit capacity. Highlighted below are examples of federal initiatives to simplify government regulations and procedures, provide training and technical assistance, use government contractors to help nonprofits build capacity, facilitate local collaboration, and provide needed financial and human resources to bolster nonprofit efforts.

Simplifying government regulations and procedures

Vice President Gore's Reinventing Government program made reducing paperwork and unnecessary regulations a priority, resulting in significant improvements in many agencies. This not only makes it easier for nonprofits who are already receiving government funds, but also helps smaller, community-based organizations navigate funding applications and manage reporting requirements.

HUD Super NOFA

HUD, for example, consolidated the applications of 40 of its programs into a Super Notice of Funding Availability (SuperNOFA), a uniform application process for all HUD grants that explains awards and their criteria in plain language and allows communities to view HUD programs as a menu of options. As part of the SuperNOFA process, HUD has also expanded how it communicates with potential applicants about the grants and the application process by providing on-line application training on the HUD Web site 24 hours a day.

Providing training and technical assistance

Federal regulations and goals are intended to foster effective practices and promote positive outcomes. To help nonprofit organizations receiving federal funds to achieve these standards and become more effective organizations, most federal agencies provide some form of technical assistance or training.

EPA and the American Hospital Association

In 1998, the EPA negotiated a Memorandum of Understanding with the American Hospital Association (AHA) to reduce the use of mercury in hospitals. Hospitals are America's fourth largest producers of mercury waste and produce about 1 percent of the nation's solid waste stream. The MOU assists AHA's member hospitals, including nonprofits, to go beyond basic compliance with waste management regulations, calling for the elimination of mercury use in the healthcare field where possible and a 50 percent reduction in waste volume by the year 2010. To help the AHA implement the memorandum, an Environmental Leadership Council, including stakeholders in the healthcare sector and a coalition of more than 100 grassroots nonprofits, was established to assist and advise in implementation. Vital to the implementation component of the agreement has been the creation of a comprehensive "how to" model - available through AHA's Website - that provides hospitals with technical information on how to accomplish the reductions envisioned in the MOU.

Conservation Leadership Network

Although the federal government does a great deal to assist for-profit businesses through the Small Business Administration, the Department of Commerce and other agencies, there have traditionally been fewer resource available to help nonprofits become more effective organizations, outside of specific issue-oriented or compliance-oriented training. Several agencies do provide supports that further the overall capacity or effectiveness of specific types of nonprofit organizations. For example, leadership training that goes beyond field-specific knowledge is offered to Head Start Fellows, Corporation for National Service Grantees, and conservation professionals. Conservation professionals receive this training through the Conservation Leadership Network, the result of a long-term partnership between the U.S. Fish and Wildlife Service and the Conservation Fund. The Network's goal is to expand the knowledge and skills of conservation professionals; enhance relationships among the nonprofit, corporate and governmental segments of the conservation community; and to broaden the American conservation movement's base. Through the National Conservation Training Center, located in Sheperdstown, West Virginia, the Network offers educational and relationship-building opportunities for governmental and non-governmental professionals with the desired outcome of creating conservation professionals who: possess core skills relating to organizational management and leadership; are aware of new conservation theories, approaches and technological applications; can apply theory and practice to current conservation issues; and can work across disciplinary and sector boundaries to build consensus among stakeholders. Through these outcomes, the Conservation Leadership Network is working to increase the capacity of nonprofits through training and outreach.

Using government contracting authority to build capacity

South Florida Goodwill

Federal agencies may also use their authority to contract with nonprofit service providers as a way to help these organizations establish a track record or new capacity that will enable them to expand their client base. For example, the South Florida Goodwill currently engages in several business partnerships with the federal government providing both services (i.e. janitorial) and goods (i.e. uniforms) to the Department of Defense. From these experiences, Goodwill has been able to leverage additional contract opportunities with the private sector (i.e. assembling the advertising section of *the Herald*). Through its work with the federal government, Goodwill has been able to prove that they have a qualified, trained and work-ready workforce. In turn, Goodwill graduates emerge as skilled, reliable workers who continue to receive support and guidance even after entering the workforce with follow-up services for both employee and employer. As a result, Goodwill is leading the charge in South Florida to help unemployed or underemployed members embark on new careers. In 1999, they placed 1,518 individuals in competitive jobs. Of these, 515 were welfare recipients and 1,003 were people with disabilities.

Helping nonprofits work together

National Donations Management Strategy

Enabling organizations to work together more effectively is another way the federal government can increase the capacity of the nonprofit sector. For example, in 1993, the Federal Emergency Management Agency (FEMA) collaborated with several nonprofit disaster organizations to develop a National Donations Management Strategy to introduce a level of coordination and control over the large flow of goods and services donated in response to disasters. The National Donations Management Strategy stresses that the full capacity of voluntary agencies should be used to manage donations, that financial contributions to voluntary agencies are the preferred donation, that management of donations requires a united, cooperative partnership between government and the voluntary sector, and that information management is essential. In the year 2000, a typical disaster operation would consist of a State Donations Coordinator working with a Donations Coordination Team, a Multi-Agency Warehouse and a Donations Coordination Center equipped with a public Information Hotline. Implementation of such strategies have led to better service to the general public, better service to the disaster-affected community, and an expanded level of capacity within voluntary agencies to manage disaster donations.

Financial and human resources for nonprofit organizations

The Combined Federal Campaign

An important way that federal government assists nonprofit organizations through the Combined Federal Campaign, the annual fund-raising drive conducted by Federal employees in their workplace each fall. In 1999, the Campaign, which has been a model for many private sector employee giving programs, collected a record $218 million, which represents a 5.5 percent increase over 1998, itself a record setting year. The 1999 Campaign, which was led by the Department of Health and Human Services (HHS), resulted in a collaboration with the Office of Personnel Management to allow federal retirees to also contribute. In addition, the HHS Child Development Center was approved to participate as one of the many organizations to benefit from the generosity of federal employees. Because of the Cvampaign, contributions to the Child Development Center are helping to subsidize childcare costs to low-income federal employees.

In addition, federal workers volunteer through a growing number of employer-sponsored volunteer programs. **[we can say more here, especially if there are any innovations implemented in the last eight years . .]**

The Community Development Financial Institutions Fund

Initiated under the Clinton Administration, the Community Development Financial Institutions (CDFI) Fund is a government corporation within the Department of Treasury that works to promote access to capital and foster local economic growth by directly investing in CDFIs and providing incentives to traditional banks to increase their lending, investment and services to CDFIs and within underserved markets. CDFIs typically work in low-income communities, providing a wide range of services and financial products, such as mortgage loans to first time homebuyers, loans and investments to start or expand small businesses and microenterprises, loans to rehabilitate single family and multi-family housing or build community centers, and savings and checking accounts for low-income households. Over 80 percent of CDFIs are nonprofit institutions that benefit from Treasury's CDFI fund in three primary ways: 1) providing equity investments, grants, loans or deposits to enhance the financial strength of the CDFI and help them leverage additional resources; 2) funding intermediary organizations that pass the funding on to CDFIs with intensive financial and technical assistance; and 3) technical assistance to build the capacity of "start-up", young and small financial institutions, through computer system upgrades, streamlining policies and procedures, evaluating loan products and developing new ones, and training staff in operations essential to the success of the organization. Since its inception, the CDFI Fund has provided approximately $215 million through these three mechanisms to bolster the efforts of primarily nonprofit community development financial institutions nationwide.

AmeriCorps

President Clinton's AmeriCorps program offers an often overlooked resource: the people power and skills provided by AmeriCorps members, who are usually young adults willing to work full-time for a year with minimal compensation to address the educational, environmental, public safety, and other human needs of communities. Nonprofit organizations apply to the Corporation for National Service or a governor-appointed state commission to be an AmeriCorps sponsor. If selected through a competitive process, they may hire, train, and supervise these individuals, who will receive a $4,725 education award at the end of their service term.

AmeriCorps is often described as the domestic Peace Corps. In 1999, more than 40,000 members served in hundreds of organizations, including nonprofits, local and state government entities, Indian tribes, institutions of higher education, faith-based groups, and local school and police districts. These partnerships have led to the establishment of initiatives to tutor children, rehabilitate public schools, build homes, provide emergency assistance to disaster victims, and address other quality of life issues for low-income families.

In addition to developing programs, AmeriCorps members work to secure the future of their projects by training volunteers within the community to take over once they leave. The Corporation for National Service, which administers AmeriCorps, also offers grant money and technical assistance to service organizations to improve or expand their operations, including fundraising and leadership training. One particularly successful technical assistance effort has been Project Star, through which AmeriCorps sponsors are trained to develop goals and objectives that will enable them to track their progress and measure results.

In addition, the Corporation for National Service has formed partnerships with businesses that provide corporate matching grants to fund local service projects. Companies with specific areas of expertise provide AmeriCorps members with the training and other resources they need to develop better service projects, including providing health care and meals for homeless families, housing for low-income residents, mentoring for at-risk students and technological improvements for schools.

AmeriCorps offers a new model for federal efforts to strengthen the nonprofit sector by combining resources and training that supports the existing goals of the nonprofit sponsors and strengthens them as organizations, not just as grantees. As a 1999 evaluation of the program noted, "The institution building that resulted from organizations' involvement in AmeriCorps has had a profound and potentially long-term impact on America's communities. Sponsoring organizations developed new community consortia and links with other community organizations as they created new solutions to community problems."

Conclusion

These innovations recognize that as we look to the nonprofit sector to work hand-in-hand with government to provide this nation with needed services, government needs to help nonprofits by reducing unnecessary paperwork, building capacity and providing critical resources to help nonprofits develop. These models hold promise for future efforts by federal agencies to strengthen their nonprofit partners and grantees.

VII. NONPROFIT TASK FORCE REPORT – RECOMMENDATIONS

Over the last eight years there has been a sea change in the federal government's approach to working with the nonprofit sector, in large part due to President Clinton's core philosophy regarding the importance of civil society to democracy. As he said in his 1997 State of the Union address, "we must be committed to a new kind of government -- not to solve all our problems for us, but to give our people -- all our people -- the tools they need to make the most of their own lives." Consistent with this vision, the Clinton Administration has pursued a close working relationship with the private sector in virtually every priority area – from AmeriCorps and welfare reform to food security and environmental protection.

Practices of successful partnerships

The examples outlined in this report and the other specific partnerships analyzed by the Task Force suggest that forging these relationships take work. We found that successful partnerships often shared the following characteristics:

- **<u>The agency head was supportive of partnerships as an approach to achieving the agency's goals.</u>**

Not only were the heads of most agencies surveyed supportive of partnerships as an approach to achieving agency goals, they were in many cases responsible for initiating and highlighting these partnerships. Several of the most visible partnerships were special projects of the agency head, including Treasury's BusinessLINC and National Partnership for Financial Empowerment, the Corporation for National Service's work on the Presidents' Summit for America's Future, and USDA's National Summit of Food Security.

- **<u>Partnerships are the primary way of doing business rather than an afterthought.</u>**

By creating mechanisms for early, frequent, and meaningful nonprofit-agency interaction, partnerships are more likely to become part of the regular operations of an agency, rather than an afterthought or add-on. HUD was among the agencies most praised by nonprofit organizations for making it a priority to build strong relationships with nonprofit organizations. From the earliest days of the Administration, senior officials at HUD held regular meetings with nonprofit leaders, and later, the Department developed a new office to institutionalize clear channels of communication. Similarly, the Corporation for National Service created an Office of Public Liaison when the agency was formed in 1994. The staff in this Office is dedicated to building partnerships with the private sector, and has developed workshops across the country to reach out to nonprofit organizations and educate them about the new legislation and funding opportunities.

- **<u>The organization and agency had a shared goal</u>.**

Partnerships of all sorts require a shared goal to succeed, and the strongest federal–nonprofit relationships we examined included clear, focused, common goals, such as increasing childhood immunization rates or improving the environmental health of Chesapeake Bay. In some cases, agencies worked with a diverse array of nonprofit partners that had a variety of missions but who were prepared to dedicate resources toward working toward a specific, identified goal. Without this common purpose, partnerships may have limited impact, emphasize process over product, and consume resources of both partners that might have been better spent on other efforts. In fact, Independent Sector's survey of nonprofits identified "a common goal and vision" as the most important factor in a successful collaboration (cited by 63 percent of respondents).

- **The agency approached the relationship as a true partnership with both sides contributing.**

In effective partnerships, both parties are contributors and beneficiaries. Federal agencies may have data and information, funds, regulatory and policymaking authority, the ability to convene, and communications systems, but more and more agencies are recognizing the importance of what the nonprofit organizations bring to the table. Nonprofits may have communication networks of their own, expertise, strong advocacy networks, access to the press, data and information, and members or affiliates – all resources that may be useful when working toward a shared goal. For example, when the White House Millennium Council and the National Park Service sought to implement a program to "Save America's Treasures" by focusing public attention on national historic, natural and cultural sites in need of preservation efforts, it found an ideal partner in the National Trust for Historic Preservation. The Trust offered expertise in preservation, a national network of members interested in the subject, a strong reputation based on half a century of work, a communications operation, and fundraising capacity. These resources complemented the government's ability to raise awareness, offer federal funding for preservation projects, and manage the national parks, where many "treasures" are located.

- **The agency dedicated staff resources to building and sustaining the partnership.**

Effective partnerships are often time consuming, requiring the engagement of staff at several levels. A partnership may be initiated by almost any part of an agency – the office of the agency head, the public liaison, or program leaders seem to be the most common initiators of a relationship. Senior staff, with the authority to commit the agency, must approve the partnership concept, as well as the specifics of the partnership arrangement once it has been negotiated. The specifics of the partnership arrangement, and day-to-day management of the relationship, should involve the agency staff responsible for the function the partnership supports. For example, the Office of Public Liaison in the Treasury Department serves as a central point of contact for nonprofit organizations, programmatic offices work with nonprofit organizations within their issue area, such as community development.

Two important success factors identified by Independent Sector relate to this staffing function: "effective communication" (cited by 58 percent of respondents) and "trust and confidence" (cited by 57 percent). These factors are related: trust and confidence is built, in part, by good communications – notifying partners of new developments, checking in regularly, listening to their concerns, etc. The Council on Foundations, which reported views on how foundations and federal agencies can work together, stressed the importance of regular communication on ideas of mutual concern.

Given the staff resources required to maintain strong relationships, agencies should limit the number of major partners it expects to work with intensively. Where there is a desire on the part of agencies to engage small, grassroots organizations in an effort, the agencies should consider seeking out umbrella organizations or coalitions as principal partners. For example, the Centers for Disease Control found that working with coalitions such as the Colorado Children's Immunization Coalition (CCIC) enabled it to reach many more grassroots groups than it would have on its own.

- **<u>The nonprofit organizations involved had or were provided adequate resources to support the partnership</u>.**

Partnerships can often leverage or catalyze private sector activity, or make government grants go further. But they are not an effective strategy for shifting responsibility for functions once supported by government funds to the nonprofit sector, without the provision of additional resources. In the partnerships we reviewed, the nonprofit organizations involved generally either received government dollars to carry out their responsibilities or had funding from another source. Only in the case of nonprofit organizations formed specifically to provide support for a federal program or agency (such as the National Park Foundation or Welfare to Work Partnership) did agencies expect the nonprofit to raise the funds to support the partnership.

In general, nonprofit organizations must see some benefit from the relationship in order to participate fully in a government partnership. This benefit need not always be financial. In fact, some of the most successful partnerships we reviewed did not involve a transfer of federal funds. Rather, nonprofit organizations benefited from the technical expertise of an agency (as in the case of EPA's Chesapeake Bay Program), improved efficiency and effectiveness (as in the case of FEMA's National Donations Management Strategy), public awareness (as in the case of Save America's Treasures), or better access to information (as in the case of the National Spatial Data Infrastructure). Nonprofit organizations also stressed that the ability of federal agencies to convene organizations on "neutral ground," or create incentives for them to work together, made it possible for them to coordinate their efforts with a broader range of groups working on similar issues.

Barriers

The Task Force's survey also surfaced numerous barriers to working more closely with nonprofit organizations. These included:

- **<u>Staffing limitations</u>.**

Partnerships take time to develop – many of the partnerships we surveyed took more than a year to come to fruition. Short-staffed agencies experienced difficulty managing labor-intensive partnerships over the long term. In addition, sustainability of partnerships became an issue in some agencies when key personnel left the agency or nonprofit organization, or were promoted or reassigned. Partnerships often involve a sense of personal trust, and an individual's long experience with a project often enables it to function more smoothly. Agencies can help guard against the risks created by staff turnover by involving multiple staff in the project, creating a structure for managing relationships with the nonprofit sector, and ensuring that all partnerships have the support of senior management.

- **<u>Legal issues.</u>**

Many agencies raised concerns relating to legal limitations, including confusion about what was and was not permissible. While some legal rules have obvious implications for agencies' work with nonprofits (such as prohibitions against soliciting gifts), other rules are less obvious (such as conflict of interest and procurement rules). The need to comply with these requirements – and the fact that many partnerships break new ground not clearly covered by existing legal frameworks – demands that in some cases, legal staff must be brought in early on to help structure the partnership. In some cases, nonprofit organizations also raised concerns because federal agencies were unwilling or unable to sign contracts formalizing arrangements. And unless the agency had an entrepreneurial culture, staff believed they should not pursue partnerships unless specifically directed to do so. Future administrations should consider providing clearer guidance to agencies on these matters.

- **Access to information.**

Nonprofit organizations that were surveyed often cited lack of access to information as a problem in working with federal agencies. Concerns ranged from the nonprofits being unaware of notices of available funding or having difficulty accessing data for research projects, as well as agencies' failure to keep their own websites up to date or notify nonprofits of policy changes that affect them. Independent Sector reported that most organizations responding to its survey found out about federal resources by contacting federal agencies, rather than the other way around, and nine out of ten reported using the Internet to access information on federal agencies, although only one out of four had used the nonprofit gateway (www.nonprofit.gov). This suggests that some agencies could be more proactive in providing information to the nonprofit sector and should consider increasing their use of technology to make information available. It also suggests that more could be done to publicize the nonprofit gateway and to keep it up to date.

- **Unclear points of entry.**

While some agencies designate nonprofit liaisons, not all do. A common complaint was lack of clarity about access – whom should nonprofits contact for purposes ranging from potential partnerships to presenting policy input. While some organizations advocate that agencies establish offices similar to those designated for intergovernmental relations, others raise concerns that such a structure would not provide access to program and other staff. We recommend that all agencies establish a formal access point for nonprofit organizations, and that staff charged with this responsibility serve as facilitators – reaching out to other nonprofit organizations to understand their needs, seeking out information within the agency that would be of use to nonprofits, introducing nonprofit staff to appropriate program and other agency staff and monitoring these relationships, keeping agency leaders informed of nonprofit concerns, etc. These formal access points should be publicized, including through the nonprofit gateway, and nonprofit liaison staff should meet regularly in an interagency council to share information and best practices.

- **Opportunities for involvement in policy development.**

Some nonprofits that provided feedback to the Task Force were interested in greater opportunities to be involved in policy development. These organizations sought informal channels – such as roundtable discussions hosted by senior policy staff -- to share ideas and provide feedback. While some organizations are routinely involved on an informal basis with the agencies most closely connected to their work, others seek greater access, consistent with the law. In areas not involving regulation, where legal restrictions are clearly spelled out in the law, agencies might well conduct more outreach to the nonprofit sector. For example, in planning recent White House conferences on philanthropy, child care, and teenagers, staff held multiple "focus groups" of nonprofit leaders and other experts to gain their views of what the conferences should accomplish, how the programs should be structured, who should be invited to speak, and who should attend.

- **<u>Need to continue reinventing government effort</u>.**

Independent Sector's survey found that eight out of ten respondents felt that "in recent years, federal grant applications and reporting requirements have become more streamlined," a development due in large part to the National Performance Reviews efforts to "reinvent government." However, some called for further work in this area, including:

- Rethinking the reimbursement system for dispensing grant funds;
- Shortening the approval process for products supported through grants or contracts;
- Reducing the reporting paperwork required of grantees;
- Allowing online reporting, applications, and tax filings;
- Simplified application processes (note – an effort has been underway by OMB to develop a streamlined single application for all federal programs);
- A single point of contact that will help organizations navigate the agency;
- Eliminate multiple levels of clearance;
- More consistent policy interpretations among staff;
- Better access to relevant information and improved two-way communication;
- Standardized and expeditious application, reporting, and cost-reimbursement procedures; and
- Interagency coordination and communication.

Future Policy Directions

In addition to the above recommendations, the Task Force believes that if the federal government continues to elevate the role of the nonprofit sector in addressing critical needs, greater attention is needed to the overall health of the sector. The White House Conference on Philanthropy, by underscoring the importance of individual giving, served this purpose, as do efforts by several agencies to provide training and technical assistance that supports the nonprofit as an organization, rather than focusing solely on specific issues. Nonetheless, despite the extensive interaction between the sectors, the federal government does very little to assist nonprofits. In comparison, the federal government invests nearly $1 billion dollars through the Small Business Administration, in addition to billions available through government-backed loans, to support the health of American small businesses.

We therefore recommend that the federal government explore whether any programs currently assisting small business should be open to nonprofit organizations as well; that a study be undertaken of possible additional assistance to nonprofit organizations that could be facilitated by the federal government; and that different structures for housing this function be explored, such as tasking an existing agency with the responsibility. In particular, attention should be paid to the sector's technology needs, including training, before the organizational "digital divide" leaves many nonprofit organizations behind.

We also recommend the expansion of programs now directed at supporting the nonprofit sector, such as AmeriCorps. Those agencies whose interaction with nonprofits is primarily in the form of grants and contracts should explore how they might strengthen the capacity of the organizations they support.

Finally, we strongly recommend that future administrations charge each agency with designating an active and accessible nonprofit liaison, encourage agencies to develop private sector partnerships, and clarify the legal framework governing these relationships. Agency liaisons should not be the sole point of contact, but rather, one point of contact where nonprofit organizations can go for information on how to navigate the agency, what assistance is available, etc. Liaisons should be high level, with access to the Secretary and able to work with all parts of the agency. Liaisons from each agency should meet with each other periodically to compare experiences, consider best practices, and share information. Finally, the names and contact information for nonprofit liaisons should be available on agency Web sites and from the agency central operator, agency head, and public liaison offices.

Conclusion

Over the last eight years, nonprofit organizations have played an important role in many of the major programs and policy implementation efforts of this Administration. New ground has been broken in developing these mutually beneficial relationships, and has resulted in improved service provision, better information flow, increased resources for priority initiatives, and expanded outreach to hard-to-reach communities. With this groundwork, and a better understanding of barriers and opportunities presented by these partnerships, future administrations can look to nonprofit relationships as a major strategy toward important goals.

APPENDIX A: Members of the Task Force

Co-Chairs:

The Assistant to the President for Domestic Policy
The Assistant to the President for Economic Policy
The Assistant to the President and Chief of Staff to the First Lady

Task Force Members:

Secretary of the Treasury
Attorney General
Secretary of the Interior
Secretary of Agriculture
Secretary of Commerce
Secretary of Labor
Secretary of Health and Human Services
Secretary of Housing and Urban Development
Secretary of Transportation
Secretary of Education
Administrator of the Small Business Administration
Chief Executive Officer of the Corporation for National and Community Service
Chairman, National Endowment for the Humanities

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Divider Title: **RADIO ADDRESS**

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release
Saturday, November 25, 2000

RADIO ADDRESS BY THE PRESIDENT TO THE NATION

Camp David, Maryland

THE PRESIDENT: Good morning. All across America, friends and families are still savoring the joys -- and the leftovers -- of a bountiful Thanksgiving. This weekend also marks the traditional start of the holiday shopping season. But even as many of us head out to buy that perfect gift for those we love, millions of Americans are also extending their generosity to people they've never met.

Last year, Americans gave a record $190 billion to charitable causes: to feed the hungry, immunize children, build homes, tutor immigrants, restore parks and send disaster relief to hard-hit people all around the world. Working with America's extensive network of nonprofit and faith-based organizations, we're making a difference, but we still have more to do.

Today I'm releasing a report from the Council of Economic Advisors that examines this resurgence of charitable giving and outlines proposals to further cultivate public generosity. I'm also announcing the launch of a new, $2 million privately funded initiative designed to introduce more Americans to the rewards of charitable giving.

Both of these efforts emerged from last year's White House Conference on Philanthropy, which Hillary and I organized to showcase America's great tradition of giving. To keep the momentum going, we also formed a task force on nonprofits and governments which will soon issue a road map for creating innovative partnerships between nonprofit organizations and federal agencies. We're tackling America's toughest challenges together and making the most of the American people's enduring spirit of generosity.

Now, according to the Council of Economic Advisors, charitable gifts now exceed 2 percent of our Gross Domestic Product, the highest level of giving in nearly three decades. Sustained by a strong economy and rising incomes, charitable giving has jumped more than 40 percent since 1995. At the same time, both donors and charities have become much more sophisticated, often using the Internet for research, education, and, increasingly, to make contributions.

Overall, 70 percent of America's households made charitable contributions last year, even those who didn't have much extra to spare. In fact, half of all Americans with incomes of less than $10,000 made a charitable contribution. And as a percentage of their net wealth, families with the lowest incomes gave much more than the wealthiest. That's both humbling and inspiring, and suggests a tremendous potential for growth in charitable giving by well-to-do Americans.

This new report also reveals that people over the age of 65 are much more likely to make charitable contributions than younger people, even after accounting for differences in income and wealth. Perhaps, having earned the wisdom of a lifetime, seniors understand that the satisfaction of charitable giving cannot be measured in dollars and cents. And they know that personal generosity is an essential ingredient in the mortar that binds our entire community together.

Given this truth, how can we do a better job of engaging younger Americans in giving? We know already that they care about their communities, because so many are volunteering for local causes. Nearly 150,000 of them have joined AmeriCorps over the past eight years, dedicating a least a year of their lives to public service.

According to one recent study, this youthful spirit of community can be translated into a lifetime of financial support for worthy causes, but only if we engage people early and teach them the importance of philanthropy. With the help and guidance of several major philanthropic organizations, we developed a national blueprint to do just that -- the Youth Giving Project.

Building on the success of a program in Michigan, this grass-roots initiative will train young people to identify charitable needs in their own communities, teach them how to raise and distribute money to address those needs, and build leadership skills along the way. It will be coordinated by a nonprofit coalition of experts on youth programs that can provide local groups with training materials, access to a comprehensive web site and expert advice.

This is just a small investment with a potentially dividend. The baby boom generation stands poised to inherit $12 trillion from the World War II generation. And it's likely their children will inherit even more. With that in mind, we need to help younger people recognize their own capacity to do good, and help them discover the rewards of generosity.

In this time of prosperity and season of sharing, let's remember, when we give what we can, and give it with joy, we don't just renew the American tradition of giving, we also renew ourselves.

Thanks for listening.

Embargoed until November 25, 2000, 10:06 am

PRESIDENT CLINTON'S RADIO ADDRESS TO THE NATION: BUILDING A STRONGER CIVIL SOCIETY

November 25, 2000

Today in his weekly radio address, President Clinton will report that we continue to strengthen our civil society in America through record levels of charitable giving, a renewed commitment to teaching philanthropy to our young people, and a more inclusive approach to federal partnerships with nonprofits. The President will unveil a report by the Council of Economic Advisers (CEA) confirming that charitable giving is on the rise and exploring the tremendous potential for even greater giving in the future. President Clinton also will highlight new survey results showing that Americans overwhelmingly support teaching young people about charitable giving and will announce an initiative to engage youth in philanthropic activities. Finally, the President will share findings from his Task Force on Nonprofits and Government showing that the Clinton-Gore Administration has fundamentally changed the way government does business by developing innovative partnerships with nonprofits in every federal agency. This progress builds on the Administration's strong record of enhancing our civil society by encouraging charitable giving, strengthening the capacity of nonprofits, and promoting community service, especially among young people.

CEA REPORT SHOWS RECORD GIVING AND WIDESPREAD GENEROSITY. A new Council of Economic Advisers report on philanthropy shows that charitable giving reached a record high in 1999, surging to over $190 billion. This represents a 43 percent increase since 1993. Giving has grown even faster than Gross Domestic Product, rising from 1.7 percent of GDP in 1995 to 2.1 percent in 1999, the highest level in nearly three decades. The report shows that the wealthiest 20 percent of Americans were responsible for two-thirds of all charitable contributions in 1999. However, the wealthiest Americans give a far lower percent of their net worth than those of more modest means. In 1999, those in the middle 20 percent of the wealth distribution donated nearly twice as large a fraction of their net worth as the wealthiest 20 percent of Americans (0.7 versus 0.4 percent of total wealth). The report found that seniors are especially generous. After accounting for differences in financial resources, they are approximately 25 percent more likely to make a charitable contribution than those near middle age. In addition, older Americans who do give, contribute substantially more -- approximately $500-$600 more on average per year. Consequently, the aging of the Baby Boomers and the wealth of that cohort bodes well for the future of philanthropy, assuming they continue the same generous tradition of giving in their older years as their parents and grandparents.

YOUTH PHILANTHROPY INITIATIVE WILL PROMOTE LIFELONG GIVING. Findings from the Cone/Roper "Raising Charitable Children" Survey released today reveal that 92 percent of American adults believe that encouraging children to participate in charities helps them to grow up to be better citizens, but the majority of parents report that they do not currently expose their children to philanthropy. The Youth Giving Project, a new, privately-funded initiative that was developed with federal leadership, is being launched this spring in four regions across the country – from California to Washington, D.C. – to create opportunities for youth of all backgrounds to become active citizens by learning about community needs, serving as volunteers, generating resources through matched contributions to nonprofit organizations, and making informed decisions about the allocation of these philanthropic resources. A number of major foundations have helped plan this initiative – including the AOL Foundation, the Charles Stewart Mott Foundation, the Ewing M. Kauffman Foundation, the David and Lucile Packard Foundation, the W.K. Kellogg Foundation, the James Irvine Foundation and the Surdna Foundation. Additional information on this new collaboration is available at www.helping.org.

TASK FORCE HIGHLIGHTS STRONG GOVERNMENT-NONPROFIT PARTNERSHIPS. The final report of the President's Interagency Task Force on Nonprofits and Government, which will be released later this week, reflects the priority that the Clinton-Gore Administration has placed on developing meaningful and innovative partnerships between federal agencies and private nonprofits. The report demonstrates the central role of national nonprofits and community and faith-based organizations, including the ability to do grassroots mobilizing around shared goals, increase outreach to underserved populations, and share information. At the same time, the Task Force calls on government agencies to expand efforts to reach out to new nonprofit partners and help develop their capacity to provide critically needed services – from afterschool programs to environmental cleanup – and enhance the cultural life in communities throughout our nation.

A STRONG RECORD OF BUILDING AMERICA'S CIVIL SOCIETY. These efforts and accomplishments build on the Clinton-Gore Administration's strong record of promoting charitable giving, service, and increased dialogue to bring communities together. In October 1999, the President and First Lady hosted the White House Conference on Philanthropy. At this Conference, they created the Task Force on Nonprofits and Government, called for the CEA report on philanthropy and the economy, and raised the visibility of issues – such as youth philanthropy, venture philanthropy, and internet-facilitated "e-philanthropy." In fact, earlier this fall, the White House Millennium Council co-sponsored an extremely successful conference on e-philanthropy in San Jose, California to explore expanding giving through the internet. In his FY 2001 budget, President Clinton proposed changes to the tax code to encourage greater giving by both individuals and foundations. Although Congress did not act on these proposals this year, the President challenges the next Congress to enact these important measures.

This Administration also made it a key priority to promote community service, especially among young people. Nearly 150,000 young people have joined the AmeriCorps program, launched by President Clinton in 1993. In 1997, President Clinton, together will all of the living Presidents, organized the Presidents' Summit for America's Future, which yielded thousands of national, state, and local commitments of time, money, and donated goods and services. Mrs. Clinton has also spearheaded the Vital Voices initiative to encourage women around the world to recognize and celebrate their critical role in expanding the nonprofit sector, strengthening democracy and promoting peace in their communities. Finally, the President has led the nation in an effort to become One America in the 21st Century, challenging Americans to respect others' differences and, at the same time, embrace the common values that unite us. Due to the leadership and commitment of the Clinton-Gore Administration, our nation's civil society has grown stronger and more vibrant.

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Divider Title: **EXECUTIVE MEMORANDUM**

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release   October 22, 1999

October 22, 1999

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Supporting the Role of Nonprofit Organizations: Interagency Task Force on Nonprofits and Government

The United States is the most generous Nation on Earth. In 1998, an estimated $175 billion was given by American individuals, communities, foundations, corporations, and other private philanthropies to a wide variety of causes and organizations. Individuals accounted for 85 percent of all contributions in 1998 and their giving has increased by almost one-third since 1995. And over the next 20 years, approximately $12 trillion in wealth is expected to be transferred from one generation to the next -- more than $1 trillion of which will flow to nonprofit organizations through charitable giving.

In many cases it is nonprofit organizations that convert philanthropy into results -- helping people in need, providing health care and educating our Nation's youth. The nonprofit sector is an integral component of our national life, encompassing more than one and a half million organizations with operating expenditures in excess of $600 billion. But more telling than the dollar figures is the new spirit of service and civic activism that nonprofits of every kind are now exhibiting. We are today in the midst of a nonprofit boom, a time when the activities of this sector are becoming ever more creative and entrepreneurial.

Nonprofits are uniquely able to identify problems, mobilize fresh thinking and energy, care for those in need on a human scale, and promote social change at the community level. As this sector grows in size and importance, there is an ever greater opportunity to forge partnerships that include Government, nonprofit groups, businesses, and citizens to address pressing public problems. There are already many ways that nonprofits work closely with the Federal Government. For example, Federal grant programs from the National Science Foundation and the National Institutes of Health assist non-profit research institutions that search for cures to cancer. And the Corporation for National Service works with nonprofits throughout the Nation to provide after-school and tutoring programs. Our challenge in this time of burgeoning social entrepreneurship is to encourage Government, nonprofits, and others to work together more meaningfully.

Therefore, today I direct the Assistants to the President for Domestic Policy and Economic Policy and the Chief of Staff to the First Lady to convene an Interagency Task Force on Nonprofits and Government ("Task Force"). The purpose of this Task Force will be twofold: first, to identify current forms of collaboration between the Federal Government and nonprofits; and second, to evaluate ways this collaboration can be improved.

<u>Structure of the Task Force</u>

The Assistant to the President for Domestic Policy, the Assistant to the President for Economic Policy, and the Assistant to the President and Chief of Staff to the First Lady will jointly Chair the Task Force. The Office of the Vice President, the Office of Management and Budget, and the Council of Economic Advisers will be regular participants.

The Task Force shall be composed of the following members:

(1) Secretary of the Treasury
(2) Attorney General
(3) Secretary of the Interior
(4) Secretary of Agriculture
(5) Secretary of Commerce
(6) Secretary of Labor
(7) Secretary of Health and Human Services
(8) Secretary of Housing and Urban Development
(9) Secretary of Transportation
(10) Secretary of Education
(11) Administrator of the Small Business Administration
(12) Chief Executive Officer of the Corporation for National and Community Service

The Chairs of the Task Force may add such other officials and independent agencies as they deem appropriate to further the purposes of this effort or to participate in specific aspects of it. The Chairs, after consultation with Task Force members, will appoint staff members to coordinate the Task Force's efforts. The Chairs may call upon the participating agencies for logistical support to the Task Force, as necessary. Members of the Task Force may delegate their responsibilities under this memorandum to subordinates. During its work, the Task Force will consult regularly with the nonprofit sector.

Objectives of the Task Force

The Task Force will:

1. Develop a public inventory of "best practices" in existing collaborations between Federal agency programs and nonprofit organizations. In cooperation with the nonprofit sector, the Task Force will work to apply these leading models to other Government efforts. For example, cross-agency initiatives that reflect the community-wide focus of many nonprofits could be highlighted and replicated. The Task Force will also examine ways that Federal agencies can better draw upon the experience and innovations of nonprofits in the development of public policy.

2. Evaluate data and research trends on nonprofits and philanthropy. Understanding the significance of the relationship between the nonprofit and Government sectors requires an understanding of the impact that the nonprofit sector has on the economy and on public policy. For example, the Council of Economic Advisers should undertake an analysis of existing data from the private and nonprofit sectors concerning the role of philanthropy in our economy, including an examination of the factors that affect giving and an investigation of trends that are likely to affect future giving. The Task Force will also coordinate agency efforts to identify the contributions made by the nonprofit sector and information regarding philanthropic activity.

3. Develop further policy responses. The Task Force will meet to discuss new findings and to consider new or modified Administration policy responses. For example, the Task Force will work with the non-profit sector and others to explore ways to encourage philanthropy and service, efforts to help nonprofits develop and grow (including "venture philanthropy"), opportunities for closer collaboration on research and in meeting local needs, and ways to reduce governmental barriers to innovative nonprofit enterprises.

From time to time, the Task Force will report to me on the results of its efforts.

General Provisions

This memorandum is intended only for internal management of the executive branch. This memorandum is not intended, and should not be construed, to create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or its employees. This memorandum shall not be construed to create any right to judicial review involving the compliance or noncompliance with this memorandum by the United States, its agencies, its officers, or any other person.

WILLIAM J. CLINTON

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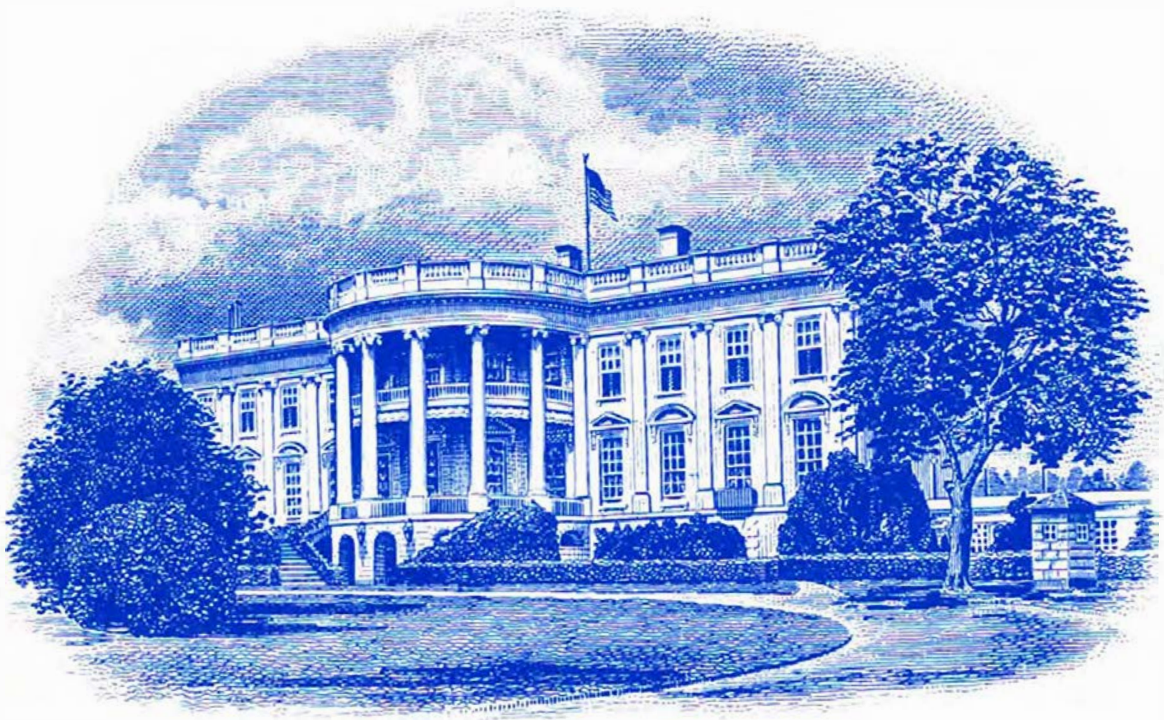
Divider Title: **REPORT OF WHITE HOUSE PHILANTHROPY CONTEST**

The White House Conference on Philanthropy



October 22, 1999