Strength In Sharing
Girl Scouts & Philanthropy

Girl Scouts of the USA will go nationwide with a new philanthropy project entitled "STRENGTH IN SHARING." Beginning in 2000, Girl Scouts of all age levels will earn interest patches that will help them:

- Recognize and learn from philanthropists in their own families, places of worship, schools, Girl Scout troops, and neighborhoods
- Identify and assist organizations and institutions that meet community needs
- Understand and experience how their own time and money can make a difference in their communities
- Become more informed and responsible as charitable decision-makers about investments in human services

The apple tree on the patch depicts abundance and strength. Apples of different colors symbolize the variety of philanthropic activities at each level.

Daisy Girl Scouts (age 5-6, kindergarten or grade 1) will learn the meaning of the word PHILANTHROPY, and how to find examples of giving in their young lives.

Brownie Girl Scouts (age 6-8 or grade 1, 2, 3) will learn to identify where help is needed, and how to set individual and group philanthropic goals.

Junior Girl Scouts (age 8-11 or grade 3-6) will research philanthropy, charity and volunteering on the Internet. They will learn about American women philanthropists, and how fund raising works at home and around the world.

Cadette Girl Scouts (age 11-14 or grade 6-9) will learn about careers in philanthropy and human services. They will select foundations and charities where they may volunteer to support funding efforts in their communities.

Senior Girl Scouts (age 14-17 or grade 9-12) will design and manage events that respond to human needs. By joining the youth advisory committees and participating in mentoring programs, they will develop relationships with major local and national foundations. They will practice skills that prepare them for lifelong participation in philanthropic activities.

Girl Scouts.
Where Girls Grow Strong℠

Girl Scouts of the USA "Strength and Sharing" Philanthropy Patch Program
(To be announced at the White House Conference on Philanthropy)

Girl Scouts of the USA
Girl Scouts of the USA is the world's pre-eminent organization for girls, with a membership of more than 3.6 million girls and adults. Today, as when founded in 1912, GSUSA helps cultivate values, social conscience and self-esteem in young girls, while also teaching them critical life skills that will enable them to succeed as adults.

Patch Program Goal
To build a generation of young women who support women and children's causes through giving money and time. This program lays the foundation that will result in a girl's lifelong commitment to philanthropy, through learning about and practicing philanthropy.

Why Encourage Philanthropy in Girls?
The Girl Scouts have committed to the project because philanthropy adds to a young girl's feeling of self-worth. The girl should:

- have the positive experience of feeling she is making a difference in her community
- practice decision-making in choosing a cause to which to contribute
- gain self-understanding through reflection
- learn to manage money

The "Strength and Sharing" Philanthropy Patch
Philanthropic giving generates social change and girls can learn how to make that change happen. The philanthropy patch is designed to give girls a foundation of philanthropy on which to build. Completing the patch requirements will give knowledge of how to make philanthropic giving a part of their lives. Girls are encouraged to earn the patch at each age level, as it is designed to build upon knowledge gained at the previous age level. While earning the patch, they will have the opportunity to discuss the importance of giving, research organizations and explore causes they wish to support.

- Daisy Girl Scouts (age 5-6) will learn the meaning of the word PHILANTHROPY, and how to find examples of giving in their young lives.
- Brownie Girl Scouts (age 6-8) will learn to identify where help is needed, and how to set individual and group philanthropic goals.
- Junior Girl Scouts (age 8-11) will research philanthropy, charity and volunteering on the Internet. They will learn about American women philanthropists, and how fund raising works at home and around the world.
- Cadette Girl Scouts (age 11-14) will learn about careers in philanthropy and human services. They will select foundations and charities where they may volunteer to support funding efforts in their communities.
- Senior Girl Scouts (age 14-17) will design and manage events that respond to human needs. By joining the youth advisory committees and participating in mentoring programs, they will develop relationships with major local and national foundations. They will practice skills that prepare them for lifelong participation in philanthropic activities.

** Developed by the Girl Scout councils of Michigan, this program is based on materials and research provided by Girl Scouts of the USA, the Council of Michigan Foundations, and Michigan Women's Foundation. It is sponsored by the W.K. Kellogg Foundation.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

MEMORANDUM FOR: Eric Liu
Deputy Assistant for Domestic Policy

Ellen Lovell
Deputy Assistant to the President and Adviser to the First Lady for the Millenium Program

FROM: Jonathan Talisman
Deputy Assistant Secretary (Tax Policy)

SUBJECT: Background Material for Philanthropy Conference

DATE: October 20, 1999

At our meeting last week, we agreed to provide you with some background materials for the October 22nd philanthropy conference. As we discussed, enclosed are a description of the current subsidies to charitable giving and charitable organizations through the tax system, brief descriptions and talking points on some of the provisions in the vetoed tax bill that would affect charities, a summary of the contacts of Paul Newman with the Treasury regarding his proposal to increase giving limits, and some stylized facts and statistics on charitable contributions that had been requested earlier.

As we discussed last week, we have agreed to meet with a group of representatives of the philanthropic community to consider issues affecting the charitable sector. We understand that the President in his remarks at the Conference may refer to future governmental efforts to respond to issues raised at the Conference. We would like an opportunity to review any remarks relating to the Treasury Department's role.

Enclosures

cc: Eric Gould, Malcolm Richardson

Current Tax Subsidies for the Charitable Sector

The tax system provides three main types of tax subsidies to the charitable sector: tax deductions for charitable contributions, federal income tax exemption (and eligibility to issue tax-exempt bonds) for charitable organizations, and tax benefits associated with the consumption of goods and services customarily provided by charitable organizations, such as educational institutions.

Deductions for charitable contributions:

Individuals who itemize deductions can deduct contributions to section 501(c)(3) charitable organizations on their Federal income tax returns. In addition, most state income taxes follow Federal rules in allowing charitable deductions. Because of the tax saved from the deduction, the "price" of giving $1 to charity is one minus the tax rate. Thus, for a taxpayer in the 39.6 percent tax bracket the price or net cost of giving $1 is $0.604.

Generally, a taxpayer who donates appreciated capital gain property, such as corporate stock or real estate, can deduct the full market value. This is even more advantageous than giving cash because a taxpayer who would have sold the asset anyway, saves the capital gains tax in addition to the savings from the deduction. In the most extreme case of an asset with a zero basis (such as might be the case for the founders of a company) the price of giving can be as low as $0.304 (computed as 1 - .396 - .20)

Generally, charitable deductions are limited to 50 percent of Adjusted Gross Income (AGI). Because of the greater tax benefit, deductions of appreciated capital gain property are limited to 30 percent of AGI. Deductions of gifts to private foundations are limited to 30 percent of AGI (20 percent for gifts of appreciated property). Taxpayers are allowed to carry forward for up to 5 years any charitable deductions disallowed by the limits.

Charitable bequests are deductible on estate tax returns, with no upper limit on the contributions. Currently estate tax returns are filed for about 3 percent of adult decedents and about half of these are taxable.

Corporations can deduct charitable contributions up to a limit of 10 percent of net income. Business deductions for donations of their products or inventory (ordinary income property) are generally limited to the firm's cost. A more generous rule applies to donations of property for the care of infants, the ill or the needy, to scientific property donated to higher education, and to computer equipment donated to schools. In these cases, the business can deduct the cost basis plus one-half of the appreciation if the property had been sold, provided that the amount of the deduction does not exceed twice basis.

Tax-Exempt Status

Charitable organizations generally are exempt from the corporate income tax on contributions received, investment income, and receipts from activities that further charitable purposes. However, to prevent non-profits from unfairly competing with for-profit businesses, charitable organizations are required to pay the corporate tax rate on their income from regularly carried on, unrelated commercial activities (the so-called UBIT tax).

In addition, many state and local governments provide exemptions from state and local income taxes, property taxes, and sales taxes for at least some non-profit organizations. The exact rules vary across the states.

Charitable organizations are also eligible to issue tax-exempt bonds, which allows charitable organizations to finance their activities at lower interest rates.

Tax benefits associated with consumption of goods and services customarily provided by charitable organizations

Taxpayers may receive tax benefits with respect to their consumption of goods and services provided by certain charitable organizations. For example, taxpayers may be eligible to claim a Hope Scholarship Credit or Lifetime Learning Credit for tuition expenses paid to qualified educational institutions. Similarly, college scholarships are generally excluded from the gross income of the recipients.

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Provisions Affecting Charitable Giving in the Taxpayer Relief Act of 1999, H.R. 2488 (vetoed)

1. Repeal of the Estate Tax.

- Repeal of the estate tax would eliminate the current tax incentive for charitable bequests. The results of studies of charitable bequests suggest that such bequests could be reduced by several billion dollars per year.

2. Tax-free withdrawals from IRAs for Charitable Purposes

- This provision provided an exclusion from gross income for qualified charitable distributions by taxpayers age 70 1/2 or older and would have been effective in 2002.

- Since the taxpayer can already achieve the same benefit by including and then deducting the IRA distribution as an itemized deduction, this provides a net benefit only in certain cases. Net benefits would accrue for non-itemizers, taxpayers who give more than the allowed deduction of 50 percent of Adjusted Gross Income, and high-income taxpayers subject to the 3 percent reduction in itemized deductions. In addition, the provision would benefit only those taxpayers who have excess retirement assets.

- The Administration opposes this proposal because it would create inequities by granting more favorable tax treatment to taxpayers making charitable contributions of IRA assets than those making comparable contributions using other income or assets. To the extent that present law limitations are too restrictive, it would be better to modify those limitations as they apply to all taxpayers than to create an exception for charitable contributions funded using IRAs.

3. Expand Estate Tax Rule for Conservation Easements

- The Taxpayer Relief Act of 1997 provided an exclusion from the estate tax of 40% of the value of land subject to qualified conservation easements. The maximum exclusion is \$200,000 in 1999, increasing by \$100,000 each year until it reaches \$500.000. The land must be within 25 miles of a metropolitan area, national park or wilderness area, or within 10 miles of an Urban National Forest.

- This provision would have increased the distance of eligible land from 25 to 50 miles from a national park or wilderness area, and from 10 to 25 miles from an Urban National Forest, effective after 1999. The provision would also have changed the date for determining compliance to the date of donation, effective after 1997.

- The Administration opposed these changes because the existing provision is already generous. A donor can claim an income tax deduction for the value of easement, exclude the reduction in value from the estate tax, and exclude an additional 40% of the value of the remaining value of the land. As a result, the value of the tax savings can be as much as $1.24 for each dollar of value of the easement granted for top-bracket taxpayers.

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Other Charitable Giving Proposals

One or more individuals or charitable groups have made the following proposals. Note that the Administration's position is that proposals to reduce taxes must be funded by offsetting tax increases or spending cuts.

1. Non-Itemizer Deduction

- The Senate version of the tax cut bill (HR2488, the Taxpayer Relief Act of 1999) included a proposal to allow non-itemizers to deduct up to $50 ($100 for married couples filing jointly). This provision was not included in the conference version of the Taxpayer Relief Act of 1999.
    - The amount of the standard deduction claimed by non-itemizers already includes an allowance for estimated annual charitable contributions.
    - This type of proposal, which provides a deduction for the first $50 (or $100) contributed, offers no incentive for increased giving. The average non-itemizer already gives more than this amount.
- The most recent research suggests that the cost to the government in lost tax revenues would be greater than the gain to the charities in additional contributions. That is, this would be a relatively inefficient subsidy.
- Many non-itemizers have no tax liability and would not benefit from a deduction.
- Having a non-itemizer deduction leads to situations where some taxpayers may have to calculate their taxes twice, once assuming the non-itemizer deduction and a second time assuming itemizing all deductions.

2. Increase Percentage Giving Limits

- The Senate version of the tax cut bill (H.R. 2488) included proposals to phase in 20 percentage point increases in certain of the percentage giving limits for individuals. The current deduction limit on overall giving of 50 percent of income would be increased to 70 percent by 2007.
- The Senate version of the tax cut bill (H.R. 2488) included a proposal to phase in an increase in the limit in the deduction for corporate charitable contributions from 10 percent to 20 percent of net income.
- Increases in the percentage giving limits would primarily benefit a small percentage of the wealthiest individuals and may help them to completely avoid paying any income tax in some cases. These adverse distributional effects have to be weighed against any potential benefit to charities.

Paul Newman and Charitable Giving

Background on Contacts with the Treasury Department and Newman's Policy Proposal:

In the spring of 1998, Paul Newman met with Treasury Secretary Robert Rubin, and proposed increasing the limits on charitable deductions for corporations and individuals. Newman said that some of his businesses were created with the purpose of giving all their after-tax income to charity.[1] Charitable deductions for corporations are currently limited to deductions of 10 percent of corporate net income, while deductions of individuals are limited to 50 percent of income (Adjusted Gross Income). Treasury staff was asked to prepare an analysis of the proposals, and a letter was sent to Newman from the Secretary in late 1998. The major problem of the proposal is that it would be difficult to increase deduction limits without opening up potential abuses such as complete avoidance of income taxes by combining charitable deductions with other provisions. Newman responded with a letter to Secretary Rubin asking for further consideration of his proposal. In response to a request for suggestions for attendees for the Philanthropy conference, Treasury passed along the information about Newman's policy interest in this area. A second letter was sent from Rubin to Newman informing him about the conference and that his name had been passed along to the Philanthropy Conference committee.

Policy Concerns

A charity that engages in an unrelated trade or business must pay tax on its income from the business at ordinary corporate tax rates, even though all of the income will be devoted to charitable purposes. Like a taxable corporation, a charity may claim a deduction for charitable contributions of up to 10% of its unrelated business taxable income. The "unrelated business income tax" is designed to prevent charities and other tax-exempt organizations from competing on an unfair (i.e., tax-free) basis with for-profit enterprises merely because the profits from a commercial enterprise are ultimately used for charitable purposes.

Thus, under current law, a taxable corporation (such as Newman's Own) that devotes 100 percent of its after-tax profits to charity is treated the same as a charity that finances its exempt activities by engaging in an unrelated trade or business.

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[1] The company says that 100 percent of after-tax profits from Newman's Own, Inc. sales of salad dressing, pasta sauces and other products are donated to charity. According to the company's web page (www.newmansown.com), it has donated over $100 million to over 1,000 charities since it was founded in 1982.

Individual Charitable Giving

1. Individual giving over a 5-year period:

- As measured by average giving, high-income taxpayers give a higher percent of income than middle-income taxpayers (about 6 percent of income in the top income class ($2.5 million and over) versus 3.4 percent in the $50,000 to $100,000 income class).

- The median high-income household is no more generous than the median middle-income household; both give 1 1/2 -2 percent of income.

- The higher average giving of high-income households is the result of exceptional giving on the part of the most generous 5 percent of contributors, who give 22 percent of their income or more.

- Many high-income households tend to bunch their giving over time. While they may give large gifts in some years, in other years they may give relatively little.

- Almost all high-income households report giving something within a 5-year period (99.8%), and nearly as many give in any given year (94%).

- Giving as a percent of income for high-income households (the top 1 percent) declined during the 1980s, and has recovered to previous levels only in the last few years.

2. Charitable Bequests:

- About 1/5 of estates subject to the estate tax include charitable bequests. This proportion increases to about 1/2 for the largest estates.

- The largest percentage of bequests goes to private foundations (37% in 1995), followed by medical and scientific organizations (28%), and religious organizations (10%).

- As a matter of tax planning, it is generally better for an individual to donate before death in order to obtain an income tax deduction as well as a reduction in estate taxes (since the donated assets are no longer in the estate).

3. Effects of tax deductions:

- A long economics literature has generally concluded that the allowance of deductions for charitable contributions increases giving. This conclusion applies to both lifetime giving and charitable bequests.

- While the evidence on this has evolved over time and is somewhat controversial, the most recent studies generally find that the induced increase in charitable contributions is less than the cost to the government in lost tax revenues.

- Rather than the efficiency of the incentive, the charitable deduction must be justified more on the basis of the value of having substantial private sector support of the non-profit sector and the value of allowing individuals to choose how their charitable contributions are allocated.

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Charitable Giving by Itemizers by Income Class

Giving and Income of Itemizers, 1997

Adjusted Gross Income Class ($1,000s)	Number of Returns	Average Giving	Percent of Returns Reporting Contributions	Giving as a Percent of Income		
				Mean	Median	95th Percentile
25-50	10,607,920	1,352	85.3	3.6	1.6	13.8
50-100	16,331,969	1,987	86.5	2.8	1.4	10.3
100-200	4,931,577	3,420	95.7	2.6	1.4	8.9
200-500	1,325,689	7,920	96.1	2.8	1.2	8.9
500-1,000	239,152	20,357	96.7	3.0	1.0	10.6
1,000-2,500	95,865	56,045	97.3	3.7	0.8	17.0
2,500 and over	36,062	378,006	97.8	4.6	0.7	22.8
All income classes	36,582,434	2,742	89.0	3.6	1.5	12.8

Giving and Income of Itemizers Over 5 Years, 1992-1996

Adjusted Gross Income Class ($1,000s)	Number of Returns	Average Giving	Percent of Returns Reporting Contributions	Giving as a Percent of Income		
				Mean	Median	95th Percentile
25-50	5,606,421	1,817	96.7	4.6	2.5	16.4
50-100	11,207,734	2,373	98.5	3.4	1.9	12.4
100-200	3,450,414	4,150	99.5	3.1	1.9	10.7
200-500	840,975	9,339	99.3	3.2	1.7	11.9
500-1,000	148,070	23,142	99.4	3.4	1.4	13.3
1,000-2,500	56,081	60,733	99.8	4.1	1.5	16.6
2,500 and over	17,462	365,166	99.8	6.3	1.6	23.0
All income classes	22,456,881	3,291	98.0	3.7	2.0	14.3

Source: IRS Statistics of Income, Individual Income Tax Returns

Notes: Giving includes cash and non-cash contributions made in the current year.
Adjusted Gross Income is modified to adjust for changes in the definition over time.
Only the data for tax returns with itemized deductions are included in this analysis.

Philanthropy Fact Sheet
Prepared for the First Lady
by the Council of Economic Advisers
October 1999

- **Philanthropic giving in 1998 was estimated to be $174.5 billion.**

- **Individuals accounted for 85 percent of all contributions in 1998,** while corporations and foundations accounted for 5 percent and 10 percent of contributions, respectively. Contributions by individuals have increased 31 percent since 1995, while foundation giving has increased by over 50 percent.

- **There has been a recent resurgence in philanthropy as a percentage of GDP.** Total giving represented just over 2 percent of GDP in 1970. However, it dropped in the 1970s to just 1.7 percent in 1979 and remained fairly constant at about 1.75 percent in the 1980s and early 90s. But since 1995, giving has risen sharply to just over 2 percent in 1998 – back to the levels of 30 years ago.

- **Religion was by far the single largest recipient of contributions, at 44 percent of the total last year.** Donations to religion averaged about 50 percent of total contributions from the early 1980s to the mid-1990s, but have fallen as a share of the total since 1995.

- **Other organizations have received substantial increases in donations since 1990.** These include education (up 59 percent), environmental organizations (up 69 percent), public-benefit organizations such as civil rights groups and community development organizations (up 77 percent), and gifts to foundations (up 254 percent).

- **Families at every level of income (except the very top) are about equally generous**: The 95 percent of families with incomes under $100,000 all tend to contribute roughly 1.5 percent to 2 percent of their incomes, on average – even the very poor. Those with incomes above this level tend to contribute a higher percentage of their incomes.

- **Elderly households (over age 65) at every level of income are generous givers.** They tend to make larger inter vivos contributions in terms of both donation size and as a percentage of their incomes than non-elderly households.

- **Wealthy households give a disproportionate share of individual contributions.** The 20 percent of families with incomes of $60,000 or more in 1994 gave 67 percent of all individual contributions that year. The 4.3 percent of families with incomes above $125,000 gave 46 percent of the total.

- **An estimated $12 trillion in wealth will be transferred over the next 20 years.** This will result in an estimated $1.7 trillion in charitable bequests. Over the next 55 years, the wealth transfer is estimated to be $41 billion, resulting in $6 trillion in charitable bequests.

Philanthropy Q & A

Q. *Is undercounting – especially among low-income households – a problem in calculations of giving?*

> **A.** Some data on contributions do undercount giving by lower-income donors. However, several analyses are designed to take low-income contributions into account and are likely to provide a fairly accurate picture of giving.

Q. *Do the poor donate a larger or smaller percentage of their income than wealthier Americans?*

> **A.** Actually, research has shown that, excluding those with the highest incomes, families at every level of income give about equally generously.

Q. *Do senior citizens give more than non-seniors?*

> **A.** Yes. Elderly households (over age 65) at every level of income make larger inter vivos contributions in terms of both donation size and as a percent of their incomes than households under age 65.

Q. *How do charitable trends vary by income versus by wealth?*

> **A.** Giving as a percentage of income, as discussed above, is fairly constant below $100,000 or $200,000 and then rises at higher income levels. Giving as a percentage of net worth ("wealth"), on the other hand, actually tends to fall somewhat as net worth rises.

Q. *How do trends in giving vary by race and ethnicity?*

> **A.** White households appear to give larger contributions than African-American or Hispanic households – a trend that may be largely explained by income differences between the groups. The Federal Reserve Board's Survey of Consumer Finances (SCF) also finds that white households give more as a percentage of their incomes than African-American or Hispanic households, although it is unclear how much undercounting – due to the survey's exclusions of smaller donations – plays a role in this finding.

Q. *How do levels of giving among contributors differ from giving levels among everyone?*

A. The latest estimates comes from *Giving and Volunteering in the United States, 1999*. The average household contribution among contributing households was $1,075 in 1998. Among all households, the average contribution was $754. The difference reflects the fact that an estimated 70.1 percent of households contributed to charity that year.

Q. *What are the estimates of future trends in giving?*

A. One prominent estimate of future giving is from an article by Avery and Rendall in 1990 and based on 1988 SCF data. The article estimates that over the next 55 years there will be about $10 trillion in wealth transfer. A new estimate comes from Social Welfare Research Institute at Boston College (SWRI) and uses a micro-simulation model. It predicts that $12 trillion will be transferred over the next 20 years, and $41 trillion over the next 55 years. Bequests are predicted to be $1.7 trillion and $6 trillion over the 20 year and 55 year periods, respectively.

Q. *What are the main sources of data on giving?*

A. Three of the main data sources for giving include *Giving USA* (from the AAFRC), *Giving and Volunteering in the United States* (from the Independent Sector/Gallup), and the Survey of Consumer Finances (from the Federal Reserve).

Philanthropy Q & A – More Details

Q. Is undercounting – especially among low-income households – a problem in calculations of giving?

A. Some data on contributions do undercount giving by lower-income donors. However, several analyses are designed to take low-income contributions into account and are likely to provide a fairly accurate picture of giving.

More details: Two of the main sources of data on giving do undercount giving by low-income contributors. IRS data are only for itemizers and so exclude donations from non-itemizing taxpayers. Also, the Federal Reserve's Survey of Consumer Finances (SCF) excludes contributions under $500.

The Independent Sector's report *Giving and Volunteering in the United States* (hereafter "*G&V*") uses data from a representative national sample of adult Americans and therefore should not undercount lower-income households.

Undercounting should not be a serious problem either for the AAFRC's annual report *Giving USA*, since it incorporates *G&V* data. Specifically, *Giving USA* combines IRS data on itemizers with data from *G&V* on non-itemizing taxpayers. (As described in the methodology section of *Giving USA 1999*, data on non-itemizers from *G&V* were compared with similar data from the General Social Survey (GSS) and the SCF. The three surveys were found to yield consistent, though not identical, results.)

The report "Wealth and the Commonwealth," by the Social Welfare Research Institute at Boston College, is another attempt to get representative data on giving. It uses a composite measure combining (1) the distribution of average contributions under $500 reported on the 1996 GSS in each income category with (2) the distribution of average contributions of $500 or more reported on the 1995 SCF.

Q. Do the poor donate a larger or smaller percentage of their income than wealthier Americans?

A. The answer appears to be "neither." Research has shown that, excluding those with the highest incomes, families at every level of income and wealth give about equally generously.

More details: As a group, the 95 percent of families with incomes under $100,000 all tend to contribute about the same proportion of their income to charitable causes, roughly 1.5 percent to 2 percent. Giving as a percent of income rises for those with incomes above these levels.

Surveys often find that the lowest income group – such as those under $10,000 – give somewhat higher percentages of their incomes than those in the $10,000 to $100,000 income range. For example, in "Wealth in the Commonwealth," giving among families with incomes between $10,000 and $100,000 varies between 1.36 percent and 1.86 percent, while giving among those with incomes under $10,000 equals 2.84 percent of their incomes (or $91). This higher percentage of giving, however, reflects lower-income but higher-wealth retirees with substantially higher wealth than other households in the same income groups (see "The High Giving Poor" by SWRI). These households are lower income, but are not "poor."

Also of note is that the lowest-income families (even including those with higher wealth) contribute only a small fraction of total charitable giving each year. For example, according to "Wealth in the Commonwealth," the 49 percent of families with incomes below $30,000 gave about 12 and a half percent of total contributions in 1994. By contrast, 20 percent of families making at least $60,000 gave 67 percent of all contributions, with the 4.3 percent of families with incomes above $125,000 giving 46 percent of the total.

Q. Do senior citizens give more than non-seniors?

A. Yes. Elderly households (over age 65) at every level of income make larger inter vivos contributions in terms of both donation size and as a percent of their incomes than households under age 65. (This does not include bequeaths.)

More details: According to the 1995 SCF, the percent of households making donations rises with age from 6 percent among the youngest households (under age 25) to 40 percent among those age 45-49 and then declines with age, reaching 23 percent among householders of age 80 or more. All told, 32 percent of elderly households made contributions, compared to 29 percent of non-elderly households.

The SCF data also show that, with respect to the dollar amount of contributions, elderly households give more than twice that of non-elderly households ($5,102 versus $2,255). G&V 1996 found very similar patterns in terms of the percentage of families who gave and their average contributions.

Part of the reason that older households donate more money is that their incomes are greater. However, even when income is taken into account, generosity tends to rise with age. In 1995, for example, elderly households contributed 5.2 percent of their incomes while non-elderly ones contributed only 1.4 percent. (On average, elderly households were only slightly more generous in relation to their *wealth* holdings, contributing 0.5 percent of their wealth, than non-elderly ones, who donated 0.4 percent of their net-worth.)

Q. How do charitable trends vary by income versus by wealth?

A. Giving as a percentage of income, as discussed above, is fairly constant below $100,000 or $200,000 and then rises at higher income levels. Giving as a percentage of net worth ("wealth"), on the other hand, actually tends to fall as net worth rises.

More details: Data from the SCF, as well as from "Wealth and the Commonwealth," find that although the average contribution increases as net worth increases, it does not increase in proportion to wealth. According to "Wealth and the Commonwealth," families with positive net worth of less than $10,000 contributed an average of 5.1 percent of their net worth to charitable causes. In contrast, families with net worth of $10 million or more contributed only 0.5 percent of their net worth. (It should be noted that 5.1 percent of the net worth contributed by families with wealth under $10,000 represents only 0.02 percent of income.)

One possible explanation for this finding is that people tend to make charitable contributions primarily from their incomes (and possibly liquid assets) during their lifetimes and make charitable contributions from their wealth via their estate planning. High levels of wealth may therefore provide donors with sufficient security to make larger contributions from their incomes during their lifetimes, but unless that wealth is accessible and deemed discretionary, such wealth may not translate into inter vivos giving.

Although the average percentage of net worth contributed to charitable causes tends to decline as net worth increases, the relatively few families with high levels of wealth give a disproportionately large share of total contributions. According to "Wealth and the Commonwealth," for example, the 3.2 percent of families with a net worth of $1 million or more in 1994 contributed 46 percent of total contributions that year.

Q. How do levels of giving among contributors differ from giving levels among everyone?

A. The latest estimates comes from G&V 1999. The average household contribution among contributing households was $1,075 in 1998. Among all households, the average contribution was $754. The difference reflects the fact that an estimated 70.1 percent of households contributed to charity that year.

More details: The figure of $1,075, above, is much lower than the 1995 SCF estimate of the average contribution, among contributing households only, of $2,939. This is likely because the SCF excludes donations under $500.

Q. How do trends in giving vary by race and ethnicity?

A. White households appear to give larger contributions than African-American or Hispanic households – a trend that may be largely explained by income differences between the groups. The Survey of Consumer Finances also finds that white households give more as a percentage of their incomes than African-American or Hispanic households, although it is unclear how much undercounting – due to the survey's exclusions of smaller donations – plays a role in this finding.

More details: The most recent data on giving by race and ethnicity come from G&V 1999. It shows that in 1998, 75 percent of white households reported contributions, compared to 63 percent of Hispanic households and 52 percent of African-American households. Among households that reported contributions, the average amount was $658 for African-Americans, $504 for Hispanics, and $1,174 for white respondents.

Data on contributions by race are also available from the 1995 SCF. (Since the SCF excludes contributes under $500, it is likely to undercount contributions from minority households, who have lower average incomes than white households.) The SCF data show much lower levels of participation in giving than G&V data, almost surely because of the exclusion of contributions under $500. The SCF finds that 32 percent of non-Hispanic white households, 19 percent of non-Hispanic black households, and 16 percent of Hispanic households made charitable donations in 1995.

Levels of giving, however, were found to be higher in the SCF than in G&V, most likely because the SCF samples more high earners. Among households who made donations, non-Hispanic white households gave an average of $3,203, non-Hispanic black households gave $1,451, and Hispanic households gave 1,599 per household. The SCF also finds that non-Hispanic white households donated the highest proportion of their income – almost double that of other groups. However, non-Hispanic black households and Hispanic households gave a higher percentage of their wealth than non-Hispanic white households.

Q. What are the estimates of future trends in giving?

A. One prominent estimate of future giving is from an article by Avery and Rendall in 1990 and based on 1988 data from Federal Reserve Board's Survey of Consumer Finances (SCF). The article estimates that over the next 50 years there will be between $10 trillion and $10.6 trillion in wealth transfer. A new estimates comes from Social Welfare Research Institute at Boston College (SWRI) and uses a micro-simulation model. It predicts that $12 trillion will be transferred over the next 20 years, and $41 trillion over the next 55 years. Bequests are predicted to be $1.7 trillion and $6 trillion over the 20 year and 55 year periods, respectively.

Q. What are the main sources of data on giving?

A. Three of the main data sources for giving include *Giving USA* (from the AAFRC), *Giving and Volunteering in the United States* (from the Independent Sector/Gallup), and the Survey of Consumer Finances (from the Federal Reserve).

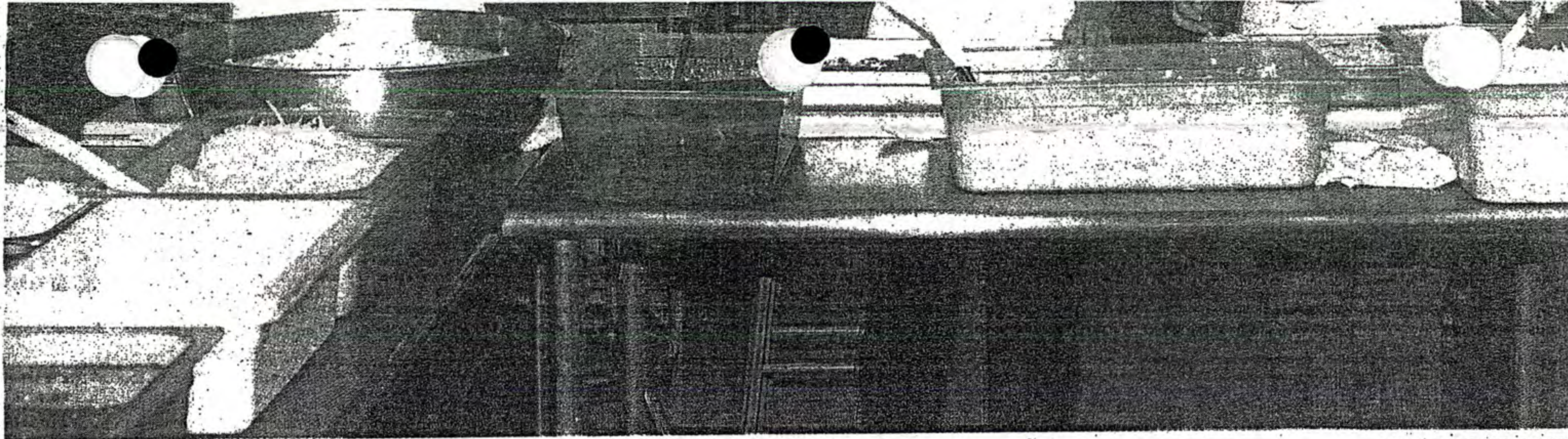
More details: The AAFRC's *Giving USA* provides one of the most complete pictures of giving. The 1999 report (including 1998 data) has recently been published. The report draws from many sources in creating its estimates.

- For individuals, it bases its estimate on IRS data for itemizers and *G&V* data for non-itimizers.
- For bequests, it uses a 1981 baseline amount from IRS data and adjusts it each year using data on bequests for higher education (reported by the Council on Aid to Education) and bequests for other recipients (calculated by AAFRC).
- For foundations, estimates come from the Foundation Center.
- For corporations, *Giving USA* defines corporate giving as gifts by corporations and their foundations to non-profits. It begins with IRS data on corporate giving, and subtracts the value of gifts to corporate foundations (as reported by the Foundation Center). It then adds the value of corporate foundation grants.
- The report also uses interpolation for years when certain data are unavailable, and regression analysis in forecasting the most recent year's giving.

The Independent Sector's *Giving and Volunteering in the United States* (*G&V*) is another comprehensive examination of giving. The 1999 report (including 1998 data) was released October 19th, 1999. The report is based on in-home personal interviews conducted by The Gallup Organization, with a representative sample of 2,553 adult Americans. The survey has been conducted biennially since 1988 but skipped 1998 and will resume biennially this year (1999). The skip was done to move the survey away from election years, when people are inundated by surveys.

The survey oversamples African-Americans, Hispanics, and affluent Americans with household incomes over $70,000 (in order to be able to do statistically reliable analyses). Weighing procedures are used to ensure that the final sample is representative of the adult population in terms of age, race/ethnicity, education, marital status, size of household, region, and household income.

The Federal Reserve Board's Survey of Consumer Finances (SCF) is another source of data on giving. It is conducted every three years to provide detailed information on the finances of U.S. families, including charitable giving. Its sample size is 4,500 families, and the most recent data available is for 1995. An advantage of the SCF is that it oversamples wealthy families and so is able to capture a more accurate picture of giving among those families. Disadvantages of the SCF are that it only occurs every three years, and that it excludes contributions under $500.



LARRY DOWNING, ARCHIVE PHOTOS

The White House is trying to deflate expectations that its conference on philanthropy will prompt major changes, but both President Clinton and the First Lady have long promoted volunteering: Last December, they made lasagna at a Washington soup kitchen with AmeriCorps volunteer Jill Mueller.

Philanthropy Takes the Bully Pulpit

Charities hope that conference at White House stimulates giving

By JENNIFER MOORE and GRANT WILLIAMS

WASHINGTON

PHILANTHROPY will be in the national spotlight this week as the Clinton Administration holds the first White House conference ever to focus on charitable giving.

President Clinton and Hillary Rodham Clinton have invited 150 donors, charity executives, and others to attend the "White House Conference on Philanthropy: Gifts to the Future."

Among the topics to be discussed: how traditions of philanthropy can be passed to future generations, how companies can encourage individuals to increase their philanthropy, and how people who are making fortunes in high-technology fields are reshaping the non-profit world.

Non-profit leaders say they are eager for the attention. "If there was ever a right moment to step back, look at the big picture, and pull the key players in philanthropy together, this is it," says Bill Shore, founder of Share Our Strength, a Washington organization that fights hunger and poverty, and a former aide to two Democratic Senators.

"It's such a dynamic time, in part because of all the new wealth that's being created by philanthropists who are younger and giving their money away earlier—the Silicon Valley entrepreneurs," says Mr. Shore. "It's also because our social institutions have changed dramatically: Non-profit organizations have assumed responsibility for being the service providers in a lot of areas where government was once *the* provider."

Nice People Saying Nice Things

Others doubt that White House gatherings can really stir debate and force big changes in public attitudes.

"I look forward to seeing what comes out of it," says Chris K. Olander, executive director of the JM Foundation, in New York, "but I have a feeling that a lot of nice people will get together and say nice things and then not much is going to be accomplished."

Mr. Olander adds, "I hope some people who disagree with the Clintons on some of their basic precepts—they deeply believe in the public sector—are invited to discuss the role of philanthropy and ask some tough questions. But I don't expect that at a White House conference. That's not what White House conferences are for."

Still, many charity officials expect that the high-profile conference will lead Americans to focus on

Continued on Page 10

First Lady to Have a Big Role at White Ho[illegible] Philanthropy Conference

Co[illegible] Page 9

char[illegible]ving the way similar gatherings at the Clinton White House have brought attention to issues of early-childhood development and child care.

Matthew E. Melmed, executive director of Zero to Three: National Center for Infants, Toddlers, and Families, a Washington charity, says his organization continues to benefit from those conferences.

"The conferences opened up a whole new door of awareness and opportunity for us to step through in terms of working with people in the media and policy makers," he says.

Adds Jennifer Furla, co-chair of Leave a Legacy Kansas City, a group that promotes charitable giving through estate planning, "Anytime you have a President and First Lady involved in an issue, it certainly is a motivating force."

But White House officials and others are cautioning against inflated expectations about the influence of the conference on philanthropy.

Shirley S. Sagawa, deputy chief of staff to the First Lady, says that while an indirect goal of the conference would be to see charitable giving nationwide rise, "it would be unrealistic to think that one conference or a challenge by the President or First Lady would somehow increase giving when we know that it's been so steady over time." (For an examination of giving trends in recent decades, see story on Page 1.)

Guest List Not Released

Just days before the event, the Clinton Administration was still working out the details of the conference agenda and drawing up a list of speakers. The meeting's organizers are posting updates on the gathering—before and after the event—on a Web site at *http://www.giftstothefuture.gov.*

The White House has declined *The Chronicle*'s request to disclose the costs of the conference or the names of any foundations or companies that are helping defray its expenses. The Administration also would not provide an advance copy of its guest list.

Because of the small size of the White House's East Room, conference planners had to limit the number of people invited. But thousands are expected to watch portions of the conference via satellite broadcast to special sites around the country or through a computer cybercast. The White House said last week that some 1,500 sites will receive the satellite broadcast.

Mrs. Clinton is expected to moderate the entire event, while the President is scheduled to give a short speech at the close of the first session. To help illustrate the conference's themes, the White House plans to show a videotape of "heroes" who have given their time or money to help a cause.

"We want to paint a picture of philanthropy in this country that's more true to the reality that givers come from all backgrounds, all races, all economic levels, all educational backgrounds," says Ms. Sagawa. "While it's often the extremely large gifts from extremely wealthy people that capture people's attention, the real backbone of giving to the non-profit sector and to people in need who might not be connected to any social program are regular people who ought to be celebrated."

> "Anytime you have a President and First Lady involved in an issue, it certainly is a motivating force."

Even so, the conference apparently will count at least one well-known name among its speakers, Steve Case, chairman of America Online.

The timing of the White House meeting makes it unlikely that any major proposals to influence public policy will be announced.

One reason, according to Administration officials: Congress and the President are just now trying to wrap up their spending decisions for the federal budget for the new fiscal year and are not yet thinking about plans for next year. "Don't expect any major announcements, because the timing's wrong," says Ms. Sagawa.

Another reason that major policy proposals are unlikely to emerge: The strong possibility that Mrs. Clinton will run for a Senate seat in New York next year. White House officials are reportedly concerned that Mrs. Clinton's critics might accuse her of using the conference to advance her standing in the political world and are taking great pains to insure that the conference agenda avoids such a trap.

Planned More Than a Year Ago

But Ms. Sagawa says that the First Lady's potential Senate bid has had no effect on the conference's agenda. Plans for the meeting have been in the works for more than a year, she says, "well before" Mrs. Clinton considered running for office. [illegible] nothing to do with her politica[illegible]pirations," says Ms. Sagawa. "If people look at her track record of working with non-profits and talking about the importance of giving in a whole variety of ways, especially around the world, they'll see that this is an interest that she's had for many, many years."

Many charity officials back up that point. Kathy McKinless, an audit partner at the accounting firm KPMG and a trustee of Greater DC Cares, which coordinates volunteer services, recalls how the First Lady served as the keynote speaker two years ago at the charity's annual conference.

Last year, Mrs. Clinton returned to the meeting to be part of a panel discussion. "She talked about the very topic she's talking about nationally now—about the need for people to give and the importance of corporations and businesses to support philanthropy," says Ms. McKinless.

Still, some non-profit leaders worry privately that the White House will be so concerned about a potential backlash against Mrs. Clinton that this week's conference will have little substance. They say that is especially worrisome since this is probably the last major opportunity for the Administration to influence philanthropy before President Clinton leaves office.

Washington Realities

Perhaps more important than the conference itself will be efforts by the Administration and charity leaders to follow up on the meeting.

"The reality in Washington is there are so many things that pop up that it's very hard for the White House to stay focused on one or two or three initiatives," says Chris Kjeldsen, vice-president of community and workplace programs for Johnson & Johnson, who attended the White House conference two years ago on early-childhood development.

But the Clinton Administration continued to pay attention to that issue after the 1997 conference, he says. Mr. Kjeldsen was named to a special committee formed to help come up with a list of corporate policies that do the most to help workers deal with their family responsibilities, and the panel later presented its recommendations in person to the First Lady, the President, and Cabinet secretaries.

"The day after a White House conference, you'll see splashes of news in the papers about it," he says. "But it's what happens the weeks afterward that really matter."

While an Administration must follow through, so must participants and observers, Mr. Kjeldsen adds. "If the volunteers are energized," he says, "then it really is up to them to make sure the issue stays on the agenda of the White House, and on the American people's agenda, too."

Getting Ideas From Young People

Government agencies and non-profit organizations alike have announced plans to try to make that happen.

For example, the Corporation for National Service has scheduled a meeting of 25 representatives of youth organizations the same morning as the White House conference to look at ways to encourage people ages 14 to 24 to get involved in philanthropy.

American Red Cross chapters, United Ways, regional associations of grant makers, planned-giving councils, and other organizations across the nation are holding discussion groups just before—or just after—local non-profit officials watch the first session of the White House conference through satellite transmissions. Many of those organizations have invited members of Congress and elected officials of local governments to attend the sessions.

Some organizations hope to use the conference as a chance to take a closer look at local giving. The Connecticut Council for Philanthropy, for example, plans to release updated figures on giving to charities in the state.

And some organizations are scheduling follow-up meetings. The Washington Regional Association of Grantmakers says it will gather local groups on December 1 to discuss ways to encourage people who haven't given to charity in the past to become donors.

A few foundations, including the country's largest philanthropy, the Bill & Melinda Gates Foundation, are also starting to think about ways to build on momentum generated by the conference. Says Trevor Neilson, a spokesman for the Gates Foundation: "I think there will be follow-up activities and there's a good chance that we'll be involved with them."

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Moving Giving off the Dime

Can White House increase share of U.S. income that goes to charity?

By THOMAS J. BILLITTERI

WASHINGTON

THE CENTRAL UNION MISSION here opened its doors to the homeless and hungry in 1884, and over the years the charity has weathered the contrary ways of American do-...s.

During the Great Depression, giving to Central Union rose. "People had more sense of urgency about helping other people," says David Treadwell, the charity's executive director. But today, as America rides the crest of a prosperity wave, Central Union must struggle to persuade small, one-time donors to become major, committed ones. "People read about how great the stock market is doing and they're afraid to miss out," Mr. Treadwell says.

He has put his finger on one of the troublesome aspects of private giving in America. Despite a record peacetime economic expansion, charitable giving in some ways remains stuck in neutral.

While the total dollar amount of giving has been increasing, for three decades Americans have never given more than 2.1 per cent of their annual pre-tax income to charity. Not only that, but giving by individuals has not exceeded 1.6 per cent of gross domestic product, which measures the nation's output of goods and services.

Against this backdrop, the Clinton Administration this week plans to hold a high-profile White

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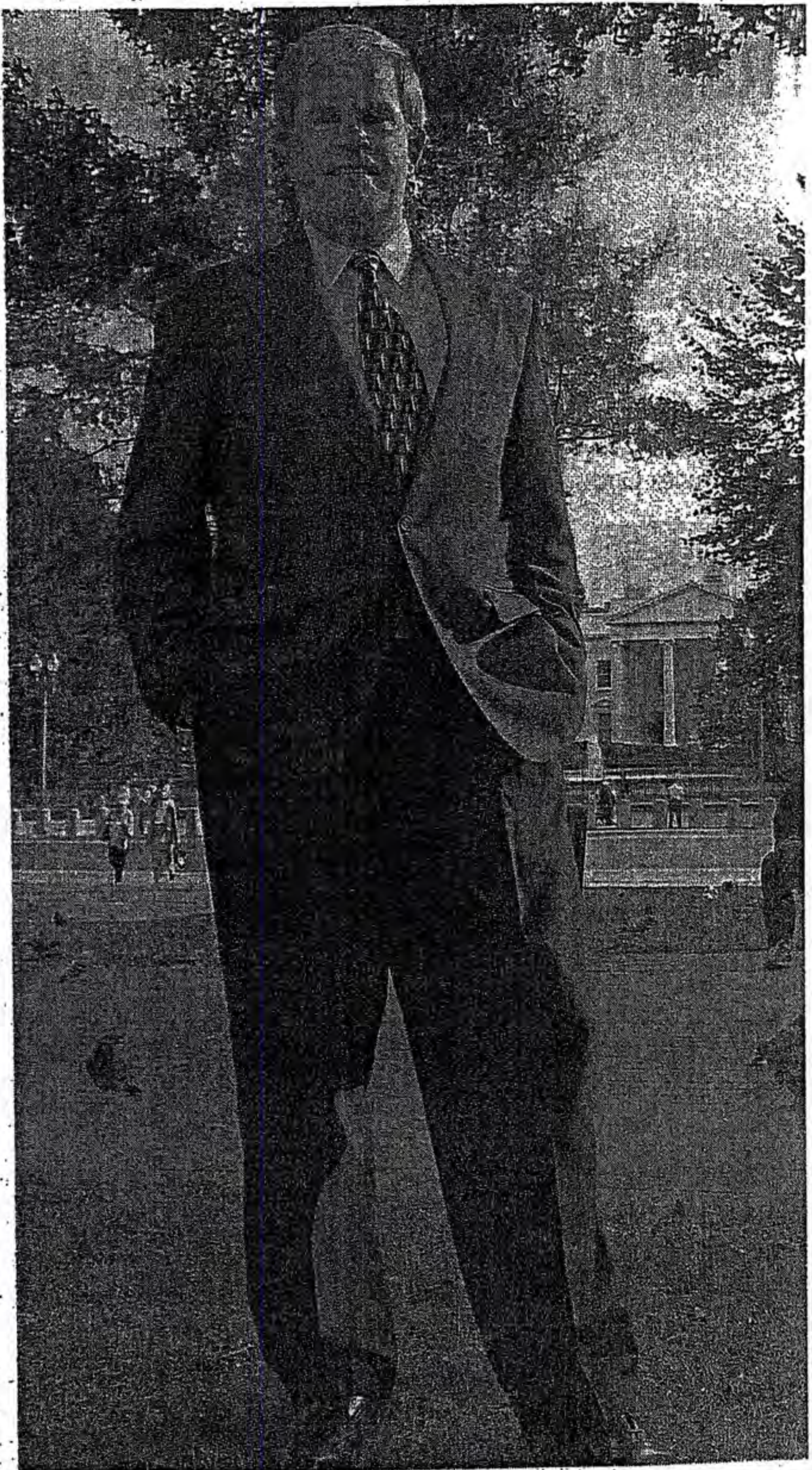

David Treadwell, of Washington's Central Union Mission: "You hear a... but other people are unwilling to sacrifice $16 because th...

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A Surge of Volunteers

Americans are volunteering in record numbers, a new survey reports. But average monetary contributions are up only slightly—and as a percentage of

Despite Economic Boom, Americans Donate Small Portion of Income to Charity

Continued from Page 1

House Conference on Philanthropy, a one-day event that is aimed at elevating the issue of private giving and volunteering to one of national importance. Experts in the non-profit world generally laud the effort, but they say Washington must do far more than mount a bully pulpit in an effort to persuade Americans to be more charitable. Policy makers, they say, must treat philanthropy with the same degree of importance that they assign to the federal budget, the stock market, and other measures of national vitality and economic health.

Specifically, charity advocates want the government to refine the federal tax code in ways that encourage more giving, especially among middle- and lower-income donors; to devote more resources to collecting reliable data on why, how, and how much people give; and to learn more about the uses—and misuses—of philanthropy in social policy.

If the White House simply says, "Let's just have more giving," that is not quite enough, says Charles T. Clotfelter, director of the Center for the Study of Philanthropy and Voluntarism at Duke University. "The questions are, do we have the right amount of giving, is it directed in the correct way, are we providing the right incentives for people to give, and do people have enough information to make choices?"

Rise in Total Given

The White House has some good news to build on, of course. Total contributions from individuals grew from $71.3-billion in 1975 to $134.8-billion in 1998, after adjusting for inflation, according to the latest estimates from *Giving USA*, a statistical almanac published by the American Association of Fund-Raising Counsel. What's more, giving by the most affluent Americans is on the rise. In 1996, people with incomes of $1-million or more reported giving an average of $137,000 to charity, up from about $113,000 in 1995.

Yet, when measured against the yardstick of personal and national prosperity, American generosity has hardly budged for decades.

In 1968, amid a potent upturn in inflation, a rise in taxes to pay for the Vietnam War, and a personal-savings rate of nearly 8 per cent of take-home pay, Americans gave 2.1 per cent of their pre-tax income to charity. In 1998, with inflation and unemployment low,

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househo... income high, and a savings rate ... .5 per cent, Americans gave ... their treasure to charity tha... y 1.9 per cent of pretax in...

New ... Independent Sector, a Washington advocacy group of charities and foundations, affirm the trend. A study of giving and volunteering to be released this week shows that average household contributions dropped slightly from 1995 to 1998, to 2.1 per cent of household income.

"With wealth going up, when we already consume a good deal, and when our economy is good enough that savings seem less important, one would expect that more of that surplus would go to charity," says Julian Wolpert, a Princeton University professor who studies patterns of charitable giving.

Even gifts from the super-rich—$16-billion this year alone from Microsoft founder Bill Gates and his wife, Melinda, for example—have not assuaged the concern about the level of giving in America.

"We do see some increase in giving among the wealthy," says Virginia A. Hodgkinson, a Georgetown University philanthropy scholar and a former vice-president of Independent Sector, "but nothing in comparison to their growth in wealth."

Spirited Debate

Why personal generosity remains flat is cause for spirited debate. But with little reliable data on giving habits, the deliberations are far from conclusive.

Some observers, such as Susan Saxon-Harrold, vice-president for research at Independent Sector, say that the average charitable gift per household remains low because more people of modest means are joining the ranks of donors. Still other observers cite an erosion of spiritual and moral values for the stagnation in generosity.

"The moral training of our nation has been on the downhill," says Mr. Treadwell, of Central Union Mission. "You hear about a Bill Gates giving $16-billion, but other people are unwilling to sacrifice $16 because they're wrapped up in selfishness."

Notwithstanding the theories, many charity advocates believe that Americans, on average, have more room to be generous.

Claude Rosenberg, a former investment manager who founded an organization called Newtithing Group, in San Francisco, to encourage greater philanthropy, has reviewed Internal Revenue Service figures to determine that Americans could donate another $242-billion this year "without it creating any sacrifices for anybody." More than three-fourths of that giving, he says, could come from the richest 3 per cent of Americans who file tax returns.

Many wealthy people "are really not sure how much they should give or even where to put" their charitable dollars, Mr. Rosenberg says. "In fact, many of the people are so overwhelmed with solicitations already that they almost throw up their hands and say, 'I don't know what I'm going to do.' So they just procrastinate."

Limits on Generosity

As Mr. Rosenberg suggests, wealthy people hold special potential for charities. But relying on the rich to shore up the nation's record of generosity has its limits.

For one thing, says Mr. Clotfelter of Duke University, while the number of affluent people in America is growing, "the wealthy are not numerous, so they can't really contribute that much" to raising the national average on giving as a percentage of personal income. In 1996, the number of people with adjusted gross incomes of $1-million or more grew 28 per cent from the year before, to 111,000, showing that the ranks of the wealthy are on the rise. But those

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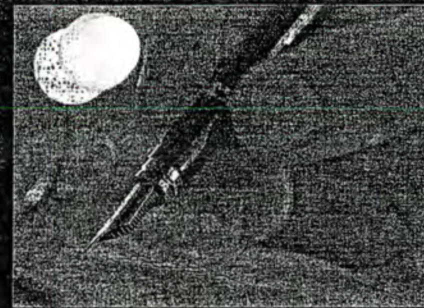
Giving by Americans, 1968-1998



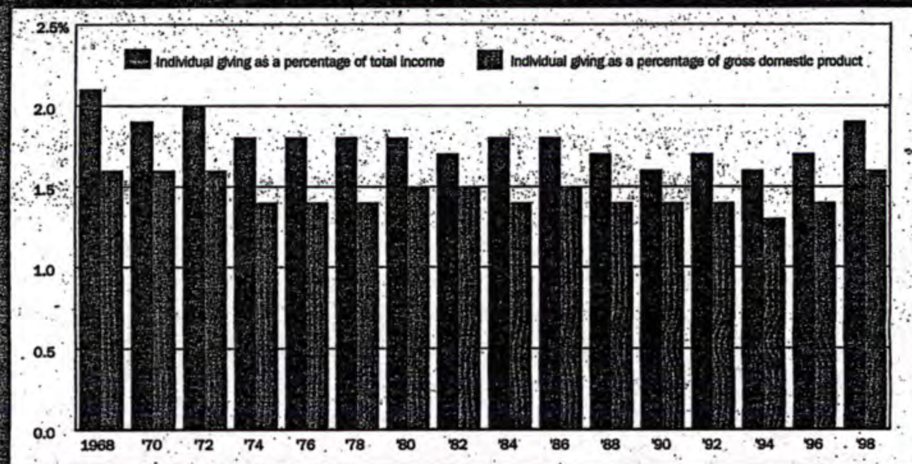


PHOTO: © Jon Feingersh/Stock Market

SOURCE: American Association of Fund-Raising Counsel

Big Gifts Do Little to Change National Giving Averages

Gates Pours $6-Billion More Into Foundation ... Gates Foundation to Give $1-Billion for Scholarships ... Microsoft Founder to Become Biggest Benefactor in History

Read the headlines, and you'd think that Microsoft mogul Bill Gates could single-handedly raise the national averages for per-capita giving to charity. This year alone, Mr. Gates and his wife have poured $16-billion into the Bill & Melinda Gates Foundation, more money than any other U.S. donors have given to charity by far.

But big gifts are one thing. Moving the national averages are another. Even the Gateses' breathtaking largesse won't make a significant difference in the level of giving when expressed as a share of personal income or gross domestic product.

That's because national giving averages rely largely on information that donors report to the Internal Revenue Service—specifically, the amount of charitable deductions that donors are allowed to claim each year on their income taxes. And not even the Gateses—the world's wealthiest couple—make enough to let them write off their donations all at once.

Under federal tax law, donors can never claim a charitable deduction for gifts that total more than 50 per cent of their adjusted gross income. Write-offs on contributions to private foundations are limited even more—to 30 per cent of the donors' annual income for gifts of cash, 20 per cent for gifts of property such as stock.

Because the Gateses' gifts have been in Microsoft stock, to claim a deduction on the $16-billion all in one shot, they would need a combined adjusted gross income of about $80-billion this year. Mr. Gates's compensation from Microsoft in 1999? $623,373.

Even if the Gateses could claim a deduction for, say, $5-billion of this year's $16-billion in donations, personal U.S. giving as a percentage of gross domestic product would remain virtually unchanged, at about 1.6 per cent, based on data from *Giving USA*, a statistical almanac published by the American Association of Fund-Raising Counsel.

In fact, big gifts never seem to have much of an effect on national average-giving figures. A look back at another heyday of philanthropy—the Roaring '20s—underscores the point.

In 1928, donors made 500 lump-sum gifts of $1-million or more to charity, Ohio State University professor emeritus Robert H. Bremner wrote in his book, *American Philanthropy*. Yet even those gifts—huge for America's pre-Depression economy—failed to raise the overall level of giving in the nation.

Charitable gifts claimed by taxpayers on their I.R.S. returns totaled $533-million in 1928, $25-million more than in the year before. But giving as a share of Americans' income? It dropped in 1928—to 1.84 per cent, from 1.94 per cent the year before.

—THOMAS J. BILLITTERI

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Charities Look to Washington for Policies to Help Spur Philanthropy

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wealthy filers still represented only about 1 in 800 U.S. taxpayers.

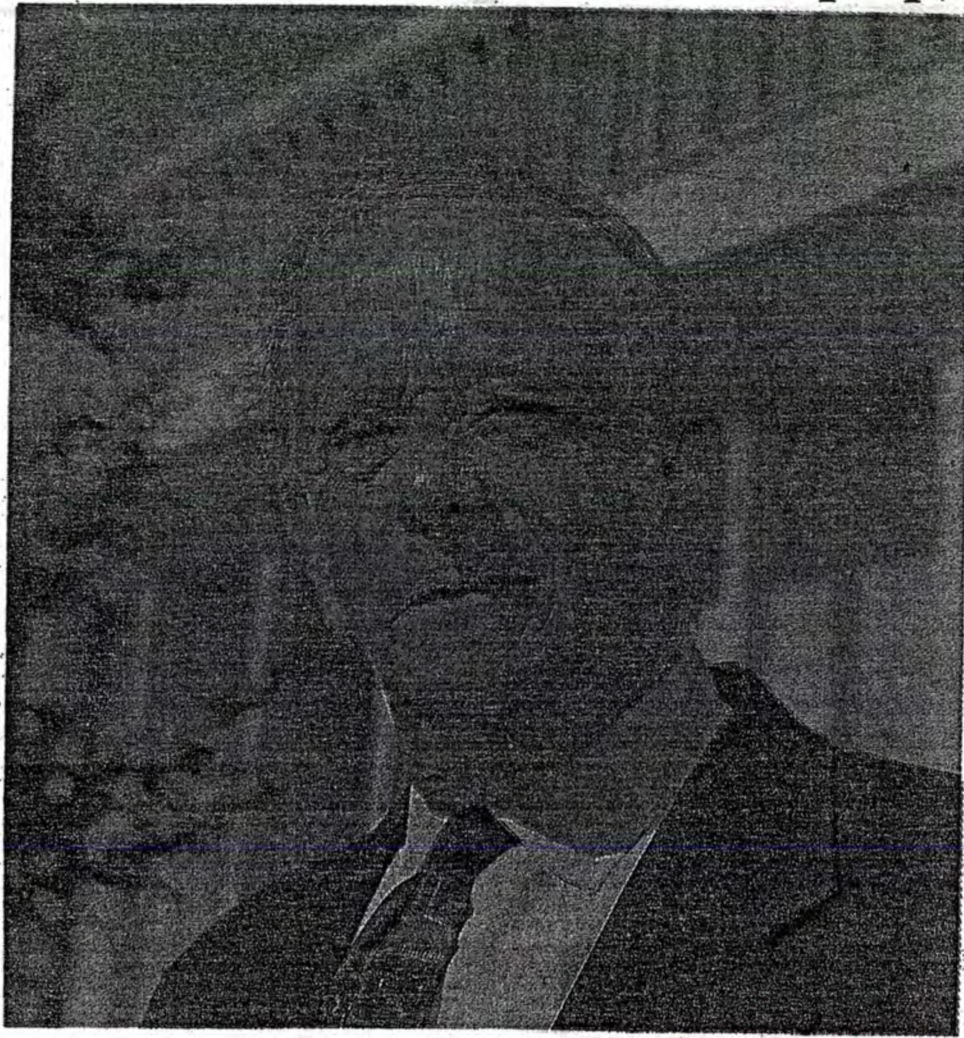
Moreover, many observers say that cuts in the top income-tax rate over the decades have diminished an important incentive for people—especially rich ones—to give: the opportunity to keep their money out of the government's hands.

When the top tax rate was above 90 per cent in the 1940s, 1950s, and 1960s, a wealthy donor wound up spending less than 10 cents to give a dollar to charity; hanging on to the dollar meant losing 90 cents of it to the Internal Revenue Service.

But in recent years Congress has slashed the top tax rate—to 50 per cent in 1983 and then to 28 per cent in 1986, before raising it again in the 1990s to the current 40 per cent. Today, it costs a donor in the top tax bracket as much as 60 cents to give a dollar to charity.

"On one side, there is more wealth," Mr. Clotfelter concludes, "but on the other side, the wealthy don't have as much tax-related incentive to give."

Of course, not everyone agrees that taxes—or the possibility of escaping them—are the way to promote giving. "I don't think being heavily taxed makes people feel very charitable," says Alan Reynolds, director of economic research at the conservative Hudson Institute. "It makes them feel ripped off."



ADDISON GEARY, FOR THE CHRONICLE

Princeton University professor Julian Wolpert: "With wealth going up and when our economy is good enough that savings seem less important, one would expect that more of that surplus would go to charity."

Estate-Tax Debate

Mr. Reynolds's comment points up the starkly drawn battle line over taxes and philanthropy. Those lines are no more clear than in the debate over whether to eliminate the so-called death tax on the estates of the wealthy.

Conservatives have long said that estate taxes lead to the demise of family businesses, raise interest rates, and bring in little net revenue to government. Supporters contend that the taxes spur philanthropy and discourage dynastic concentrations of family wealth.

Eliminating the estate tax "won't automatically increase or decrease giving," says Paul G. Schervish, director of the Social Welfare Research Institute at Boston College. But, he says, it would "provide a better terrain for increased charitable giving because it will enable people to have more of their income and wealth to dispose of."

Still, David Joulfaian, an analyst in the U.S. Treasury Department's Office of Tax Analysis, suggests in a recent paper that eliminating the estate tax could cost charities between $1-billion and $1.5-billion a year. Eugene C. Steuerle, a senior fellow at the Urban Institute, a Washington think tank, also concludes that the estate tax creates an important incentive for wealthy people to give to charity. People with a net worth of $10-million or more at death bequeath about a third of their estates to charity, with the estate tax playing a significant role in many of those decisions, he says.

Whatever the course of national tax policy, many analysts are sanguine about the future of giving. Some cite the growth of the Internet as a fund-raising tool, saying it will lead many Americans to give for the first time or to give more than they have in the past. Others expect a spate of bequests when today's Silicon Valley millionaires reach old age.

Trillions of Dollars

But the biggest reason for the optimism can be summed up in one word: demographics. In coming decades, the World War II generation is expected to transfer trillions of dollars in wealth to heirs, to charity, and to government in the form of estate taxes. Charity could reap a significant harvest from that transfer.

In a new study, Mr. Schervish forecasts that the total wealth transfer will be "many times greater" than current estimates of about $13-trillion, and he foresees the awakening of "a sleep-

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Growing Ranks of Fund Raisers

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From Morality to Taxes, Experts Seek to Explain Americans' Lack of Generosity

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ing giant of charitable giving" as a result.

But many analysts are adopting a wait-and-see posture on wealth-transfer projections, saying the reality will depend on what happens in the stock market. A run-up in stock prices could propel the value of the transfer to $30-trillion or more. A Wall Street meltdown, on the other hand, would mean all bets were off.

What's more, even if tens of trillions of dollars indeed do change hands in the next half century, charities aren't insured a resulting bonanza.

"There's hope, but no assumption" of that, says Sylvia Ronsvalle, executive vice-president of Empty Tomb, a religious, research, and social-services organization in Illinois. Among religious fund raisers, she says, the prevailing view is that without better education on philanthropy, billions of dollars could pass to heirs or be paid out in estate taxes with nary a thought about charity.

"Unless some education takes place in the near future," Ms. Ronsvalle says, "people will die without wills—or by default that money will go to families because it won't occur to people to give to charities."

With so many unsettled questions about giving in America, the non-profit world is looking for leadership from policy makers in Washington. Their hope: that the White House Conference on Philanthropy will spur Washington to take the subject of charity more seriously.

The greatest need, many observers say, is for better basic data on philanthropy. Says Mr. Wolpert of Princeton: "The private sector relies a lot on all kinds of data that is paid for lavishly by government. We need to know a lot more about the non-profit sector and about philanthropy."

Besides improving government's commitment to data collection, charity advocates say, the White House needs to play a stronger leadership role in amending the tax system to encourage philanthropy.

One way might be to allow donors to take a double deduction for gifts to charities that certify they will use the contributions exclusively to help the poor.

While some non-profit groups, such as Harvard University, have amassed record endowments, many soup kitchens and shelters are struggling to stay open, notes Curt Weeden, president of Corporate Contributions Management Academy, a Palm Coast, Fla., organization that trains business executives on philanthropy. "Our prosperity often masks some of the problems we have," he says. "Folks living at or below the poverty line are still in very significant need of support."

Two Tax Provisions

Other tax ideas also need a serious look from the White House and Congress, charity advocates say. They point to two provisions that died last summer in the bitter fight over taxes. One would allow older people to shift assets from individual retirement accounts to charity without incurring income taxes; the other would allow people who don't itemize on their federal income-tax returns to take a charitable deduction for gifts up to $100 per family.

Even more fundamental than tax changes, charity advocates say, is a need for Presidential leadership in examining the proper role of philanthropy in American society—particularly in an era when both major political parties favor shifting the administration of more and more social-welfare programs from government to non-profit groups.

The way to help philanthropy more dramatically than through a one-day White House conference, Mr. Wolpert says, "is to show some strong advocacy for the people who would benefit either from philanthropy or from government programs." The White House, he says, should "dramatize the problem of poor children in this country, with a clear message that both charity and government have important roles but that the charitable role is only a tiny proportion of what needs to be done. The major responsibility remains with government."

If participants at the White House conference want a reminder of the role that charity plays in caring for the poor, they need only look out the window of 1600 Pennsylvania Avenue. Across from the executive mansion is Lafayette Park, where the down and out of the nation's capital often gather in twos and threes. Among them are clients of the Central Union Mission.

"The guys who spend the night with me," says Mr. Treadwell, reflecting on this week's philanthropy conference, "go to Lafayette Park and watch the White House during the day."

Venture Philanthropy

2ND STORY of Level 1 printed in FULL format.

Chicago Tribune

August 22, 1999 Sunday, CHICAGOLAND FINAL EDITION

SECTION: NEWS; Pg. 4; ZONE: C

LENGTH: 1505 words

HEADLINE: VENTURE CAPITALISTS ALTER FACE OF CHARITY

BYLINE: By Karen Brandon, Tribune Staff Writer.

DATELINE: MENLO PARK, Calif.

BODY:

For three decades Silicon Valley venture capitalist Gib Myers helped nurture infant high-technology concepts into industry icons such as Compaq Computers and Cypress Semiconductors.

Now, Myers, a general partner in the Mayfield Fund, a venture capital firm, is planning to do the same for charity--invest millions in people and concepts with potential, refine their strategies, link them to elite professional networks, and, he hopes, make them wildly successful.

His new line of work is called venture philanthropy.

"I think the exact same principles can apply to a non-profit," said Myers, who heads a new philanthropy, the Entrepreneurs' Foundation, that has yet to select its first recipients. "The basic concepts are just about the same."

The notion of applying venture-capital business strategies to non-profit causes is a trend generating both promise and controversy in philanthropic circles nationwide.

The debate over the merits of venture philanthropy coincides with what many consider a golden era in charitable giving akin to the early 1900s, when Carnegie, Rockefeller and Ford created foundations that bear their names.

Last year, for the third consecutive year, charitable giving rose to a record, $175 billion, according to the annual industry report called Giving USA. The unprecedented creation of wealth, both through the stock market and through the transfer of wealth from one generation to the next, is altering the face of philanthropy, according to a report this year by the W.K. Kellogg Foundation.

Venture philanthropy is in many respects a metaphor for many changes at hand in the philanthropic world with the infusion of new donors, who bring with them new causes and ideas of how charitable work ought to be done. Its terminology and image are tied to Silicon Valley, where the term was coined about 15 years ago, but its methods are turning up in established and new philanthropies across the nation.

Rebecca Rimel, president of the Philadelphia-based Pew Charitable Trusts, writes on the organization's Web site, "At the trusts, we are thinking more like venture capitalists, seeking to derive the greatest benefit from every strategic investment of time, talent and capital."

In Redwood City, Calif., some of Silicon Valley's most prominent venture capitalists are participating in the New Schools Fund, an organization founded this year with the intention of using venture capital techniques to solve the problems plaguing public education. Two years ago, the Harvard Business Review, famous for its vignettes of business successes and failures, published, "Virtuous Capital: What Foundations Can Learn from Venture Capitalists."

Though the term has no strict definition, Tom Reis, venture philanthropy director at the W.K. Kellogg Foundation, described the difference between the classic and new methods with broad generalizations.

At a traditional foundation, he said, giving is generally hands off. A foundation will give a grant and then perhaps have no contact with the charity for a year. Many foundations offer money for a maximum of three years, he said, and insist that the money be spent exclusively on programs, not on staff or other basic necessities, such as rent or utilities.

By contrast, Reis said, the venture philanthropist's style is hands on. A venture philanthropist might want a seat on the charity's board and insist on seeing results.

"It is sexy and controversial, and it makes some common sense," he said. "Many people of new wealth are coming out of that new economic world. They say, 'I don't just want to give money. I want to get involved. I want to give know-how, too. I know what it takes to get impact and success.' "

Advocates say the new methods have the potential to bring new ideas and experimentation to philanthropic pursuits.

"This will shake up the world of philanthropy in some aspects, in a healthy way," said J. Gregory Dees, a professor of public service at the Stanford University Graduate School of Business who teaches a course on social entrepreneurship.

As government provides fewer social services, more non-profit organizations are trying to fill the gap, he said. At the same time, philanthropies are facing pressure to find strategies that sustain their operations and to adopt a more businesslike approach to their work. This "pro-business zeitgeist," as he calls it now embraces business concepts that can be adapted for social missions, rather than believing that business is the enemy that creates social problems.

Detractors consider the trend alarming in many respects, in part because they believe an emphasis on return on investment and measurable outcomes may mean venture philanthropists will aim for the easiest targets, not necessarily the most pressing needs. Moreover, venture capital, they note, is by nature risky. A few spectacularly successful investments make up for the many others that fail--a pattern these critics fear may be repeated in venture philanthropy.

"The comparison is attractive, even romantic in a swashbuckling sort of way," wrote Mark Kramer, a venture capital investor and foundation trustee in an article this spring for the journal The Chronicle of Philanthropy. "But as I can attest after years in both philanthropy and venture capital, it is seriously misleading."

ıture-backed companies grow at rapid rates, but social change comes at a ıl pace.

Bruce Sievers, executive director of the Walter and Elise Haas Fund in San Francisco, believes the marketization of society has its limits.

"If non-profits were indeed more like businesses and foundations were more like venture capital firms, some non-profits could well achieve (spectacular) Netscape-like . . . results," he wrote for Foundation News & Commentary. "But then, if pigs had wings, they could fly."

Others are offended by the basic philosophy of somehow insisting that a charity carry a return on investment.

"Our results-oriented culture has made the word competence more important than kindness," said Barbara Clark, director of Redwings Horse Sanctuary, which takes in abused and neglected horses in Carmel, Calif.

Part of the wary outlook is an implicit, underlying assumption that somehow the traditional philanthropies just didn't get it right. Some people perceive the new philanthropists as naive or even arrogant in their belief that their business acumen will make them better philanthropists.

Though the terminology sounds groundbreaking, with its catchwords like leveraged philanthropy and social venture capital, many question whether it is anything more than new rhetoric for tried and true methods.

Established foundations have been extraordinarily entrepreneurial, said Avery Russell, director of public affairs and program officer at the Carnegie Corp. As examples, she cited Carnegie's long-time support of "Sesame Street," and the Rockefeller Foundation's support of the research that led to the improved rice strains responsible for the Green Revolution in Asia.

ıere was nothing more entrepreneurial than that," Russell said. "There's a glorious history associated with foundations."

Organizations that are experimenting with the new approaches say there have been problems, and rewards.

Nine years ago, The Roberts Foundation in San Francisco brought its venture philanthropy concept to the Golden Gate Community, an organization that serves the homeless in San Francisco.

The change, Golden Gate executive director Randy Newcomb recalls, was dramatic.

"The entire board of directors (of Golden Gate) quit because this whole notion of venture philanthropy was more than they could take," he said.

Golden Gate, like all charities, was used to taking a traditional posture with grant-making organizations. "We promise to change the world with your

$20,000 grant," Newcomb said wryly.

But that posture had to change when The Roberts Foundation became closely involved, monitoring cash flow and personnel and asking about the long-term prospects for the homeless people who used the services. In the beginning, Newcomb said, "We were afraid if they found out what we're really like, they (The Roberts Foundation) might cut off our funding."

But the changes improved Golden Gate's services, he said. For the first 10 years of its existence, it provided emergency help-- food, shelter and clothing--to the homeless, many of them the same people year after year.

Now, it has enough money to pay for computer equipment to better track the progress of its clients, and to pay the salaries of people who might otherwise be lured into private, for-profit businesses.

Golden Gate offers job training and employment opportunities in its own souvenir store and printing shop. It also offers counseling to help people keep the jobs they find.

Newcomb estimates that Golden Gate serves fewer people, but serves them in more effective ways.

"There is certainly more pressure on us," Newcomb said. "But to tell you the truth, I think some of us could use more pressure."

GRAPHIC: PHOTOS 2PHOTO: A worker pulls shirts from a dryer Friday at Ashby Images in San Francisco. The shirt store, a part of Golden Gate Community, serves the homeless. Photo for the Tribune by Randi Lynn Beach.; PHOTO: Generating promise and controversy, Gib Myers (right) and other investors apply risky strategies to non-profit causes.

LANGUAGE: ENGLISH

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Silicon Valley

1ST STORY of Level 1 printed in FULL format.

The San Francisco Chronicle

OCTOBER 13, 1999, WEDNESDAY, FINAL; PENINSULA EDITION

SECTION: NEWS; Pg. A15

LENGTH: 1260 words

HEADLINE: Cyber-rich folks being taught the basics of Philanthropy;

Business techniques applied to giving

BYLINE: Carolyne Zinko, Chronicle Staff Writer

DATELINE: SILICON VALLEY

BODY:
For the small group known as Silicon Valley philanthropists, charity begins at the office, not at home.

These cyber-rich people are drawing on their entrepreneurial know-how -- and their colleagues' wallets -- to erase their stingy image and boost philanthropic programs in the region. A major project is the nearly bankrupt United Way of Santa Clara County.

Among the latest strategies to maximize efficiency and investments are "venture philanthropy" and "e-giving."

In the first, donors follow the venture capital model, which is used to finance high-tech startups. They give lots of cash at the beginning and sit on the boards of directors and monitor performance -- instead of writing an endless stream of checks to charities they never see. In the second, e-giving Web sites help people find -- and in some cases donate to -- charities of their choice.

Budding philanthropists are also talking over cocktails at networking parties, like the one for Silicon Valley Social Ventures, or SV2, during the weekend at the Los Altos Hills home of Steve Kirsch, chief executive officer of the Internet firm InfoSeek. The goal is to build up a new generation of donors from the legions of young Silicon Valley tycoons.

SV2 was started in June, has 31 partners, and has raised $275,000 to date. None of the money has yet been allocated; Saturday's meeting was the group's second.

"The Internet millionaires think you have to be a Packard Foundation to have an impact, and you don't," said venture capitalist Kevin Fong, a co-chair of the SV2 fund. "Our target is not the Hewlett-Packards or the Intels, but the startup world."

Not all nonprofit groups will welcome the venture philanthropy model with open arms, of course.

Venture philanthropists run the risk of "micromanaging" and eroding the mutual respect between nonprofit organizations and their funders and of insisting on results that may be impossible to measure, said Bruce Sievers, executive director of the Walter and Elise Haas Foundation in San Francisco.

"The field always needs to be pushed a bit to look hard at the relationship between money and results . . . but in philanthropy, there are no bottom lines equivalent to the for-profit world," Sievers said.

Meanwhile, 10 more-established industry leaders -- including Microsoft Corp.'s Bill Gates, Hewlett-Packard Co.'s Lew Platt and venture capitalist John Doerr -- are working to expand the culture of philanthropy in Silicon Valley by going to bat for the United Way of Santa Clara County.

They will run donation campaigns at work, lend their names to United Way marketing drives and tap their own pockets -- and those of their friends. The goal is to establish consistent and reliable revenues to keep the charity from sinking into a permanent financial quagmire, said Les White, interim president of United Way of Santa Clara County.

In May, the United Way chapter announced that it was broke and needed $11 million to finance 100 member agencies for the coming fiscal year. The United Way's chief executive officer was fired, and the surprise jolted Silicon Valley corporations into a bailout that raised more than $14 million in a matter of days.

Longtime philanthropic leaders say the developments confirm what a study showed: Silicon Valley wants to be generous but needs to learn how.

"I think we're at a seminal moment in the development of philanthropy in Silicon Valley -- we're moving from having a couple of icons like Bill Hewlett and David Packard to a time when it will be broad-based, decentralized and vigorous," said Peter Hero, president of a 45-year-old group now called the Community Foundation Silicon Valley, which helped begin SV2.

"In not too many years, Silicon Valley will be known as much for its philanthropy as for its technology," he said.

The foundation's own 1998 study, "Giving Back, The Silicon Valley Way," showed that people in their 20s, 30s and 40s have money and talent to offer but not the time or experience to evaluate charitable causes.

The survey found that while there are many generous donors, 43 percent of well-to-do people give $2,000 or less annually to charity.

And in Silicon Valley, where work is often equated with religion -- if only in jest -- 43 percent of those surveyed said that being asked at work is at least somewhat important in their philanthropic decisions, while 42 percent said that being asked at church is a factor.

That makes the workplace a logical place to renew philanthropic appeals, Hero said. Using business lingo and business models familiar to the Silicon Valley crowd may also work by appealing to workers' sensibilities.

E-Philanthropy

Charity Begins Online

New Sites Ease Consumers' Research Into Philanthropies

By Shannon Henry
Washington Post Staff Writer

In the midst of the frenzied buying and selling of goods and services on the Internet, a new kind of money exchange is taking root. Call it e-philanthropy.

Web sites aimed at promoting charitable giving have been proliferating in recent months. And today, the AOL Foundation—the nonprofit arm of America Online Inc.—unveils Helping.org, an online database of 620,000 charities and 20,000 volunteer opportunities.

"The Internet is the future of charitable giving," said Daniel Langan, director of public information for the National Charities Information Bureau, which is sponsoring a national conference on "E-philanthropy: Technology and the Nonprofit Community" this Friday in Washington. "Anything that makes for a better-informed contributor is excellent."

The charity bureau has its own entry online, at *www.give.org*, which aims to be a kind of Consumer Reports for giving. Another is GreaterGood.com of Seattle, a site that offers users a chance to buy products from 200 charitable groups. "We're looking to introduce the concept of shopping on behalf of a cause," said Katherine James Schuitemaker, executive vice president of the company.

Operators of such sites say they are making it easier for users to research where they want to donate their time or money. And now consumers also have access to information on how charitable groups handle their finances. This week, for the first time, many of the federal tax forms filed by nonprofit groups and charities became available online, posted at *www.guidestar.org*, giving users an opportunity to compare how different organizations spend donors' money.

Links to those online tax forms also will be offered at the new AOL Foundation site.

Peter Hall, a researcher at the Yale Divinity School who studies corporate philanthropy, said having charities' finances available online makes the organizations much more accountable to their donors. "The implications of this are just incredible," Hall said.

He said the AOL project illustrates how technology companies are searching for different

See CHARITIES, E4, Col. 3

Offering Help On Giving

Among Web sites offering guidance for those who want to contribute:

www.helping.org
(AOL's new site)
Allows users to search for charities by location and topic; to find out about volunteering; and donate online via credit card.

www.guidestar.org
Has a searchable database of more than 620,000 nonprofit organizations in the United States; includes postings of U.S. tax form 990, where charities report their finances and operations.

www.bbb.org (home page of the Better Business Bureau; click on "Charity Reports")
Covers the full range of charitable and other nonprofit organizations; typically includes information on the group's background, current programs, governing body, fund-raising practices, tax-exempt status, finances.

greatergood.com
Builds, markets and manages "online shopping villages" for not-for-profit partners' sites, where at least 5 percent of every purchase benefits the not-for-profit's cause.

charitableway.com
Evaluates thousands of charities and attempts to find the right one for a particular donor.

www.give.org (National Charities Information Bureau)
Publishes comprehensive reports evaluating charities by various criteria. Sample report is available online. Actual copies cost $9.95 each.

igive.com
Enables users to choose charities, including local ones, that will benefit from the users' online purchases at igive.com mall.

The Washington Post
Oct 20, 1999 Business Section

At AOL Site and Others, Charity Goes Online

CHARITIES, *From E1*

roaches to philanthropy. He high-tech firms "are trying to lore and exploit the social ange possibilities of technology. . . . Their proclivity is to abandon the model of corporate foundations."

At the same time Helping.org was being developed, AOL was creating a program called The Giving Tree, which helps the company's 12,000 workers start their own foundations and donate to charity through seminars and a corporate intranet. It is estimated that 2,000 to 3,000 AOL employees are millionaires, thanks to stock options.

Among the features on the new AOL Foundation site is a kind of international disaster wire compiled by the Red Cross that runs like a ticker across the main screen. Users of the site can click on news of a train crash or a hurricane, find out more about it and then donate money or clothing to the victims by typing in their credit card information.

Helping.org also is intended to act as a clearinghouse for research on what's called the Digital Divide, the gap between information technology haves and have-nots.

To find a charity on Helping.org, users may search by type of organization, Zip code or the size of the annual budget. Donations can be given electronically by typing in a credit card number. The volunteer channel lets people search by location, time and type of activity. Someone might want to volunteer on Thanksgiving this year, or for a month during a summer vacation.

In addition, charitable groups can use the site to research grant opportunities and nonprofit news.

"We should be able to make giving and service online as easy as e-mail," said David Eisner, who manages the AOL Foundation staff. AOL Foundation Chairman James V. Kimsey said that AOL has spent "many millions" on the site, though he would not give an exact number.

Still, users of Helping.org will have to do their own research on the effectiveness and integrity of the charities. The site simply lists every nonprofit registered with the Internal Revenue Service. "We don't want to be in the vetting business," said Kimsey. "The liability would be horrible."

Prospective donors will be able to follow the links to the charities' online tax forms or visit the groups' own Web sites. In addition, Helping.org provides links to the charity bureau and to the Better Business Bureau, both of which offer research on how well nonprofit groups accomplish their stated missions.

Most of those listed on the AOL site don't know they're on there yet. Eisner said letters and postcards will start going out soon to alert the groups and give them the chance to update their listings.

Ranks of Volunteers Swell to a Record but Donations Dip, Survey Finds

By STEPHEN G. GREENE

AMERICANS ARE VOLUNTEERING in record numbers, a new survey reports, although their charitable contributions have dipped slightly.

An estimated 109 million people—or about 56 per cent of all American adults—volunteered some of their time last year, according to the report. That's a big jump from 1995, when 93 million Americans—49 per cent of the adult population—volunteered.

The average contribution per household, however, fell a bit after adjusting for inflation, from $1,088 in 1995 to $1,075 last year. The decline was particularly noticeable among donors in the top income categories.

The average amount of time each person spent volunteering dropped below 4 hours for the first time, to 3.5 hours a week. But the aggregate time spent volunteering in formal programs—excluding informal activities like free babysitting or baking items for a charity fund-raising event—was at an all-time high, at 15.8 billion hours.

"The proportion of Americans doing volunteer service is at its highest level ever—and is rising," says Susan Saxon-Harrold, vice-president for research at Independent Sector, which is issuing results from its survey this week. "That's very good news."

Independent Sector, a national coalition of major charities and grant makers, has commissioned surveys of American patterns of giving and volunteering six times since 1987. Its latest report is based on responses from more than 2,500 people interviewed in May, June, and July by the Gallup Organization.

The report analyzes giving and volunteering patterns by age, sex, race, marital status, income, education level, and employment status, and samples public attitudes about giving. It does not capture giving patterns of the wealthiest Americans, however.

Over all, more than 70 per cent of all households reported donating money last year, up marginally from the fewer than 69 per cent who reported giving in 1995—although still less than the 1989 figure of 75 per cent.

As a percentage of household income, donations also ticked downwards—from an average of 2.2 per cent in 1995 to 2.1 per cent in 1998.

That decline, which occurred as the United States continues to enjoy a long period of low inflation and a robust economy, reflects an increase in the number of people with modest incomes making contributions, the report says. The percentage of Americans with income less than $20,000 who gave to charity rose last year, for example.

"We've got people feeling more financially secure, which translates into a broader participation rate of households making contributions," Ms. Saxon-Harrold says.

The share of people who worry about having enough money in the future declined from 74 per cent three years ago to 67 per cent this year, for example, while 25 per cent of Americans now say they have more money left over at the end of the year than they did the previous year, compared with 19 per cent who said that three years ago.

Among Americans with the lowest annual incomes—those under $10,000—48.2 per cent were donors last year, compared with 47.3 per cent in 1995. Their donations averaged 5.2 per cent of their income, compared with 4.3 per cent in 1995. (Many people with low incomes may be retired, the report points out, and able to draw upon their accumulated wealth for their donations.)

People with incomes between $10,000 and $20,000 also were more generous last year: 56.1 per cent of them were donors, who gave an average of 3.3 per cent of their income. In 1995, by contrast, only 51.1 per cent of such Americans were donors, and their gifts totaled 2.8 per cent of their income.

Larger percentages of relatively well-off Americans also donated last year. More than 83 per cent of those with incomes between $75,000 and $100,000 gave in 1998 compared with 79.7 per cent in 1995. The percentage of donors rose from 88.6 to 89.1 among those with incomes of at least $100,000.

The percentage of donors shrank slightly among some middle-income people: those with incomes between $20,000 and $30,000, for example, and between $50,000 and $75,000.

And the proportion of wealthier donors in several income categories stayed constant or even declined—as did the amount of their contributions.

Average gifts fell from $3,379 to $2,550 in households with income of $100,000 or more, and from $1,582 to $1,394 in those that earned between $75,000 and $100,000.

The average contribution among all households—including those that do not give—was $754, an increase of 1 per cent after inflation from the 1995 figure.

Income Is Big Influence

Both giving and volunteering are correlated with income, the report notes: As people's income rises, they are more likely to donate both time and money. But the most dramatic growth in volunteers since 1995 has been among those who earned less than $50,000—who often include people at both ends of the age spectrum.

Although the percentage of volunteers increased for all age groups, it was most dramatic among people age 35 to 44, where it swelled by 12 percentage points to 67 per cent. But it also grew significantly among the youngest and oldest age groups: The share of volunteers among people 75 and over increased 9 percentage points to 43 per cent, while among people 18 to 24 the percentage grew by 8 percentage points to 46 per cent.

Among the youngest age group, however, the growing popularity of volunteering did not accompany a rise in gifts. In a trend that charity officials may find disturbing, the percentage of young people giving to charity continued to drop: from 58 in 1993 to 57 in 1995 to 49 last year.

Both giving and volunteering increased in popularity among people over 65, however. The number of Americans in that age group—some 34 million today—is expected to more than double by 2030, Ms. Saxon-Harrold notes, to an estimated 70 million. Charities that figure out how to engage the interest and talents of older Americans will have a great advantage, she says.

"Today's older adults represent a tre-

Continued on Page 18

Household Giving to Charity

	1987	1991	1995	1998
Percentage of households that gave to charity	71.7%	72.2%	68.5%	70.1%
Households that give to charity				
Contributions in current dollars	$790	$899	$1,017	$1,075
Contributions in inflation-adjusted dollars	$1,134	$1,076	$1,088	$1,075
Percentage of household income	1.9%	2.2%	2.2%	2.1%

SOURCE: Independent Sector

Trends/Stats

Pay

Minorities Are Volunteering in Record Numbers, According to New Survey

Continued from Page 16

mendous, largely untapped source of energy, commitment, and skills that lie waiting to address some of our social problems," Ms. Saxon-Harrold declares.

But non-profit organizations will have to do a better job of tailoring volunteer opportunities to the needs, interests, and schedules of their volunteers, she adds. Many people say they have limited time to give, and do not want to spend it stuffing envelopes or pushing a hospital cart. What's more, many respondents said they volunteer only seasonally or sporadically because they cannot commit to giving time on a regular basis.

While 39 per cent of volunteers said they preferred to volunteer on a weekly, biweekly, or monthly basis, 41 per cent said they volunteer irregularly, or on a one-time basis.

The growth in volunteers was especially strong among members of minority groups. Some 47 per cent of black Americans volunteered last year, for example—up from 35 per cent in 1995. The trend was nearly as strong among Hispanic Americans, who saw volunteering rise from 40 to 46 per cent.

More Women Than Men Give

Women continue to give and to volunteer in greater numbers than men do, although men's average contributions are somewhat larger. Half of all men say they volunteered last year compared with 45 per cent in 1995. Among women, 62 per cent volunteered in 1998—up 10 percentage points from 1995. On average, men gave 3.6 hours a week, compared with 3.4 hours for women.

The survey gives some evidence that the public has an increasingly favorable view of charities. Nearly 62 per cent of Americans say charities are more effective now than they were five years ago; only 58 per cent agreed with that statement in 1996. And 76 per cent say charities play a major role in making better communities—up from 71 per cent three years ago.

Almost 62 per cent of Americans say charities are honest and ethical in using donations. While that marks a gain from the 60 per cent in 1996, it still lags below the 67 per cent who agreed with that view in 1994.

Somewhat paradoxically, perhaps, fewer people see the need for charitable organizations increasing. About 74 per cent of respondents see a greater need for charities now than five years ago—down from 78 per cent in 1996 and 82 per cent in 1994.

Independent Sector normally publishes its giving and volunteering report every two years. But it waited an additional year this time so as to fall out of step with the national election cycle—and thereby perhaps get more cooperation from people not burned out by answering questions from political pollsters.

The organization will now resume its biennial schedule of reports, Ms. Saxon-Harrold says.

Copies of *Giving and Volunteering in the United States Executive Summary* are available from Independent Sector, 1200 18th Street, N.W., Suite 200, Washington 20036; by phone at (888) 860-8118; by fax at (301) 843-0159; or via the organization's Web site, *http://www.independentsector.org*. The price is $20 ($14 for members) plus $4.50 for postage and handling; bulk-order prices are also available. The full report and data sets will be available next year.

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COVER STORY

Future Grantmakers of America

by Darlene Siska

cover photo by Jim West

School and community programs are preparing a new generation of potential philanthropists to be aware of social problems and how to solve them.

Grantmaking has long been the purview of "wise-from-years-of-experience" adults. But young people are gaining on them. Since the beginning of this decade, programs that involve young people as grantmakers (as young as 12) have been proliferating.

Why is there a movement afoot now to involve young people in grantmaking? According to Robert Collier, vice president of the Council on Michigan Foundations (CMF) in Grand Rapids, which runs two statewide programs to develop young grantmakers, it's a logical extension: First, there was a movement to get young people involved in community service. And now, grantmaking.

These proliferating programs prepare young people by first giving them up-front instruction on running meetings, performing needs assessments, building endowments and grantmaking. Then, young grantmakers are handed the same challenges as their adult counterparts: doing some fundraising, fact finding, having more good proposals than they are able to fund, making tough decisions and evaluating progress toward a goal.

As these young people learn about social problems and grantmaking, they are building youth service programs in their local communities, too. And many young grantmakers report that grantmaking helps them to develop leadership, communication and negotiation skills, and builds their self-confidence.

These young grantmaker programs generally fall under four umbrellas: where youth grantmaking is tied to a community foundation; where it is tied to a classroom curriculum; where it is tied to a nonprofit agency, such as a Boys & Girls Clubs or United Way; and where grantmaking is tied to a local government and municipal funds. Following are examples of each type, plus a few variations.

At Community Foundations

Most of the young grantmaker programs out there today are tied to community foundations. The Michigan Council on Foundations Youth Project (MCFYP) is a model of sorts for this approach. During its ten-year history, almost 4,000 young grantmakers have voted to give more than $3.6 million dollars to youth projects in their communities through this program. MCFYP has three goals:

- to build the capacity of community foundations in Michigan,
- to establish youth as philanthropists, and
- to build permanent and growing funds within each community to meet local youth needs.

The project is funded largely by the Michigan-based W.K. Kellogg Foundation through challenge grants; this funding comes with the requirement that $2 of local funds be raised and placed in a permanent unrestricted fund or field of interest fund of a community foundation, to leverage $1 of Kellogg foundation funds. These Kellogg funds must also be permanently endowed in a youth field of interest fund, and community foundations must establish a Youth Advisory Committee (YAC) composed of at least 50 percent youth members, ages 12-21. These YACs are then required to conduct an assessment of youth needs in their community, assist with raising challenge funds, conduct grantmaking from the interest on the endowed fund, and stimulate youth volunteerism in their communities. They make grant recommendations to community foundations' trustees.

Since 1988, more than 90 community foundations and affiliated geographic funds in the state have set up YACs as standing permanent committees. Some of these YACs give away as much as $50,000 a year.

Details concerning how members are selected for YACs, how often they meet and how they are organized, vary among communities. YAC members (known in shorthand as YACers) represent the geographic, socioeconomic, ethnic and educational differences in their communities. They include both recognized student leaders, and people who may not be leaders but are thought to have potential. The number of members in each ranges from 6 to 78, with a median of 20 members. Most are chaired by the youth themselves with adults acting as advisors. Most meet monthly, and some biweekly, and their grantmaking cycle usually follows the school calendar. But committee activities-needs assessments, fundraising, grantmaking and stimulating youth volunteerism-remain a common denominator across YACs.

Joel Orosz, program director at Kellogg, says, "Without any question, the biggest reason why we fund this is that we strongly believe that young people have tremendous potential that is not being tapped. The YACs allow them take the lead in doing important work in their own community. They address real community problems with significant community resources."

Often young people are quite direct at funding the most difficult problems: violence, unplanned pregnancy, and drug and alcohol abuse. When one grantseeker was confronting racial problems, the local YAC brought in mediators to help the group work through the issues. Another YAC was willing to take on a company, the biggest employer in town, when they perceived it to be the biggest polluter. Says Orosz, "They won't say, as adults might, 'Oh, that's too hot to handle.' Kids have a tendency to deal with the kinds of issues that adults would just as soon sweep under the table."

Who Better to Decide?

Rave of West Michigan was awarded $2,879 by the Grand Rapids Foundation YAC. The funds are for a youth-directed drama troupe that writes and performs interactive scenarios depicting various types of violence, with emphasis on sexual and emotional abuse in dating. Their grant process was much the same as any conducted by adults.

Lora VanHarmelen, Rave program director, says, "We wrote a four-page application after seeing a news item about the funding opportunity in the *Grand Rapids Press.* Then we had a site visit. Later, I met with six or eight students from the Grand Rapids Youth committee. They asked detailed questions; they were very interested in what specifically we would use money for. They wanted to know if there would be a good mix of diversity. They knew what they were looking for and were very prepared."

Curt Babcock, a community education coordinator at White Lake Community Education, received a $3,000 grant from the Community Foundation of Muskegon County YAC to assist in funding a parks program, called "Sports and Shorts." It's a recreational program with academic components, particularly for at-risk youths.

Babcock says, "Who better to decide what youth program will work than youths? Their comments about our proposal helped to educate us."

YACing it Up

Information about the Michigan YACs, including a periodic newsletter called Yackety-Yac, written primarily by YACers, can be found at the project Web site at **http://www.mcfyp.org**.

Similar community foundation youth committees have been established around the country, including at the Hawaii Community Foundation in Honolulu, the Rockford Community Foundation in Illinois (this one started up with Ford Foundation funds; youths are mandated to invest in programs that are intended to run long-term), and the Community Foundation of Silicon Valley, which specifically targets at-risk youth in East San Jose to be grantmakers.

The community foundations movement has even gone international. Last December, the board of the Vancouver Foundation in Canada approved an initiative to establish youth advisory committees with community foundations in British Columbia. To date, three community foundations there have created youth advisory committees and 14 have expressed interest in creating one.

At Nonprofits

The Boys & Girls Clubs of Western Pennsylvania, in Pittsburgh, has had a program involving youth as grantmakers, called Teen Council, for five years now. The organization's already-established community service program provided a springboard for this grantmaking program. Endowed by the Heinz Endowment in Pittsburgh, the number of Teen Councils recently increased from five to eight clubs.

In addition to making grants and performing direct community service, the youths are required to attend local government hearings (such as, town council or school board)-at least two per year. This way, says Mike Helper, president and CEO of the Boys & Girls Clubs of Western Pennsylvania, "The kids know everything that's going on in their community. They turn over every stone."

Timothy Scully, an 11th grader on the Teen Council-2000 of the Boys & Girls Club at Sto-Ken-Rox, learned the value of hearing more than one point of view on an issue. "Your first thought is not always the right one," he says. "Our committee had a disagreement about funding playground equipment because some people disputed that an empty lot was a playground solely because kids played there. We had to work out our differences."

In the Classroom

The Student Service and Philanthropy Project (SSPP), established by the Surdna Foundation in New York City in 1991, was the first to develop a high school course curriculum to teach about philanthropy. It calls for establishing a mini-foundation in each school. Seven years later, students in more than 30 cities and towns across the country have participated in the project. The

"The history of Black churches shows that they have always had a holistic mission that serves both the congregant and the community," says Beverly White of the Foundation for the Mid-South.

over cultural values," says Tom. "When the Presbyterian board gets together, a 'theological conservatism' is very evident. The mind-set is that people should help themselves. I tell them that this is about improving peoples' quality of life, not about blaming the victim."

The Global Ministries of the Methodist Church, on the other hand, has been affected much less by the Christian right than other Protestant denominations. "We have always stressed racial and economic diversity, and are less constrained in our grant making," says Kim Jefferson, former director of planning for the Global Ministries and current Methodist representative to IF. "Having said that, we have not had as much involvement in funding organizing at the national level. We have a lot of potential that is not being tapped."

The Global Ministries does not have a charitable collection like the Catholics or Presbyterians. Rather, the money they grant out is a kind of tax—an annual percentage of the collections of local churches to be granted out nationally. While many Methodist churches are involved in community organizing, the money raised for these projects stays at the local level, with minimal national involvement. Last year, the Global Ministries granted less than $100,000 to faith-based organizing.

Methodists do make substantial grants to a church-run project called Communities of Shalom, which was founded as a response to the 1992 Los Angeles riots and now has branches across the country. While the project is much more steeped in the language of economic community development, Jefferson sees the potential for Communities of Shalom to instigate change.

"Communities of Shalom is a progressive project," says Jefferson. "It is much more inclusive and less elitist than many economic development projects. On the other hand, the project does not confront the powers that be and hold them accountable, so I am not sure that Communities of Shalom has done as much for communities as traditional faith-based organizing."

Jefferson believes that Communities of Shalom has the potential to learn from community organizing and begin to change deep-rooted community problems. "The project is ultimately about justice, it just needs a more focused methodology," says Jefferson.

Faith-based organizers do work with community development organizations to reach common goals. "There is a challenge finding common ground," says O'Neil. "But we are finding that we are able to bridge the gap and work together."

African-American churches have been associated with organizing since the success of the Civil Rights movement, and their participation in the fight for social change continues today. However, many African-American churches are using their central role in the community to leverage dollars for economic development.

"This is a field that is growing," says Rodney Jackson, president of the National Conference on Black Philanthropy. "Why wouldn't foundations be looking to partner with churches? In certain Black communities where there is hardly a supermarket, and certainly no boys' and girls' clubs, they still have churches. Churches have proven they can provide for a variety of community needs, including running economic development programs, housing programs, health centers, credit unions, day care programs—they are an obvious match for foundations looking for partners in underdeveloped Black communities."

The Foundation for the Mid-South is one foundation providing African-American churches with the skills necessary to conduct community and economic development activities. In addition, the foundation "helps the churches develop partnerships with other philanthropic and public organizations," says Beverly White, vice president for programs at the Foundation for the Mid-South. "The history of Black churches shows that they have always had a holistic mission that serves both the congregant and the community," she adds. "By applying liberation theology, the church has the potential to institute powerful community change." Foundations across the country are in a unique position to nurture and support these efforts.

Progressive Jewish Philanthropy

American Jews set up their largest community-based model of philanthropy, the United Jewish Appeal, more commonly known as the Jewish federations, around the turn of the century. This model was originally incorporated to ease the assimilation of new immigrants, and to provide a social service infrastructure for the Jewish community. The Jewish federations are still the largest network of Jewish public philanthropy, funding mainly social service organizations in the United States and Israel.

At first, few Jews were involved in private philanthropy outside of the federations. "Philanthropy was another elite social club, and Jews were not invited," says Evan Mendelson of the Jewish Funders Network (JFN), an affinity group of the Council on Foundations. "Also, Jews, for the most part, did not set up foundations. Rampant anti-Semitism had made them wary of being associated with money. That changed after World War II."

Nowadays, the choices have expanded far beyond the federations, with the transfer of wealth inspiring the birth of new pubic foundations, family foundations and private foundations. Mendelson says that people often ask her why Jews are so philanthropic, and she responds that "it is central to the Jewish faith. The Jewish obligation of Tzedakah requires a philanthropic commitment. And the root of Tzedakah comes from the Hebrew word for justice."

However, since the Jewish federations were organized to fulfill social service needs, there was an absence of a Jewish vehicle for funding social change. This need took form in the Jewish Fund for Justice (JFJ) and the Shefa Fund, which make grants to American social change organizations, and the New Israel Fund and the Abraham Fund, which focus on the progressive agenda in Israel. These are all public foundations and are not tied to any particular congregation. "Synagogues are not based in a hierarchical system; every one is autonomous," says Marlene Provizer, executive director of JFJ. "In order to reach congregants, we really have to forge partnerships on a synagogue by synagogue basis."

JFJ has enlisted the help of a cross-denominational Rabbinic Advisory Committee, which developed resources linking Jewish themes and holidays to social justice issues. JFJ resource materials provide opportunities for synagogues to provide a Yom Kippur study session on workers' rights in the Jewish tradition, a Hanukkah session that addresses the community's responsibility to low-income children, and other sessions that include women's rights and immigrants' rights. By providing these materials to synagogues, they raise awareness about social justice issues, and provide the option of giving to JFJ. "Synagogues will not pass the plate for us, that is not what they do. However, by providing these services we raise the visibility of the Jewish Fund for Justice," says Provizer. "These materials help create a strong presence of the Fund."

In soliciting contributions, donor advised funds are not an option for JFJ. "We ask people to buy into our core mission and support a certain philosophy of grant making," says Provizer. "It is important that we retain as much flexibility as possible in our grant making. However, after a donor has made a major gift, we will allow him or her to designate to a previous grantee."

The Shefa Fund, in contrast, promotes a donor activism based primarily on donor advised funds. The fund also encourages its donors to use their wealth to promote social justice in a variety of ways; it also provides opportunities for socially responsible investing and low-income community loans.

While JFJ, Shefa Fund and CCHD share a commitment to grassroots organizing, and flexible discretionary funds, their boards look very different. JFJ's grantees are arguably as diverse as any FEX foundation grantees, but the JFJ allocations committee and board are entirely Jewish, and many are wealthy donors. "I am not sure how our grant making would differ if we had constituent representation on our board," says Provizer. "Many of our donors used to be organizers and now, later in life, they have money. People who see both sides can be a very important asset to an organization."

The Jewish Funders Network is designed to help a growing number of Jewish donors looking for advice on how to direct their charitable contributions. Mendelson sees a lot of entrepreneurial-minded donors coming to JFN and she believes that donor activism inspired by venture capitalism can be an effective tool. "There is a lot the nonprofit world can learn from a good venture capitalist," says Mendelson. "I realize that it can be problematic applying business language to nonprofits. However, as we enter into the coming multitrillion dollar transfer of wealth, we shouldn't proscribe what may be a valuable tool."

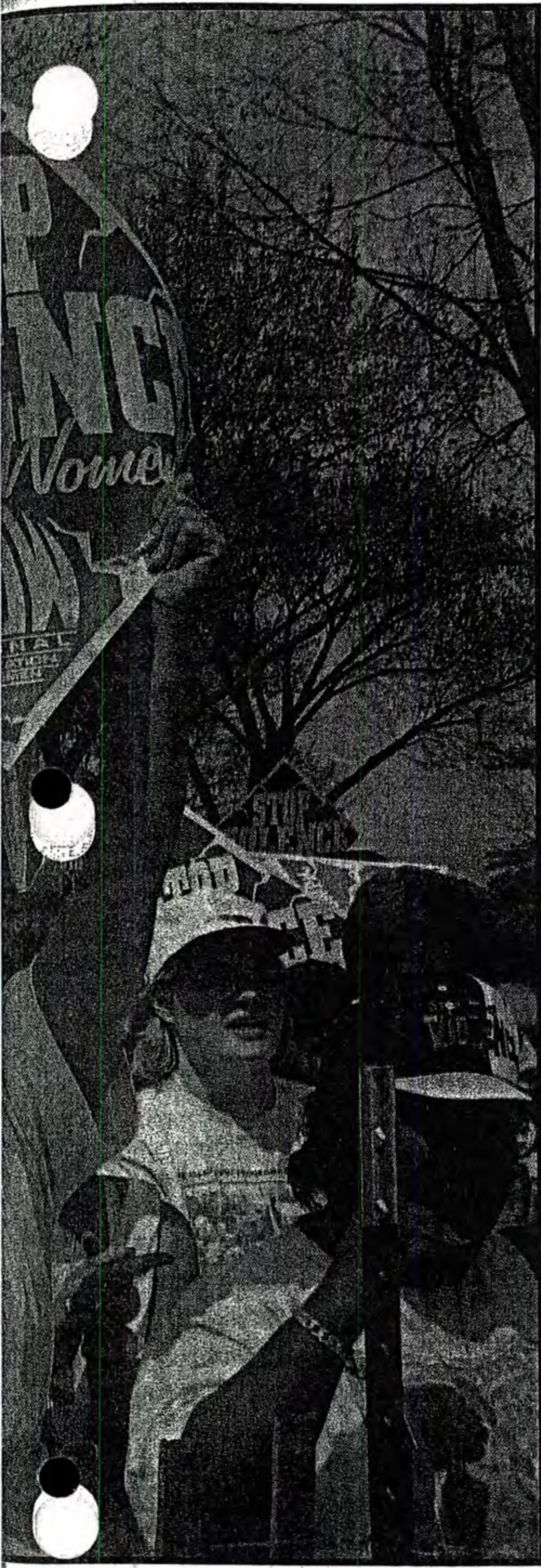
At the end of the year, Mendelson says a lot of donors feel that they have written 200 checks without feeling like they have made a difference. JFN tries to help donors learn to be more strategic in their giving. "One of the venture philanthropy concepts that can be very beneficial for both donor and grantee is the emphasis on capacity building," she says. "Nonprofits, like businesses, need to be capitalized. Nonprofits spend way too much of their time fund raising. So I encourage donors to call nonprofits that they support and ask them what they need. They may need new computer systems, or to hire additional development officers. Once donors enter into relationships with nonprofits, their philanthropy can have much more impact."

JFN offers an annual conference for both budding and experienced philanthropists. This year's theme is collaboration and partnerships. Although the founders of JFN identify themselves as progressives, the institution is designed to reach a much broader audience. "Most Americans are not interested in being put in a political box," says Mendelson. "We could talk to ourselves as much as we want, but we are interested in growing." ■

ROMAINE PHOTOGRAPHY

"There is a lot the nonprofit world can learn from a good venture capitalist...," says Evan Mendelson of the Jewish Funders Network. "As we enter into the coming multitrillion dollar transfer of wealth, we shouldn't proscribe what may be a valuable tool."

Women



Payback Time for Women's Groups?

Women control more assets than men, but feminist organizations are still underfunded.

Mention the word "philanthropy" and most Americans conjure images of our corporate forefathers: Rockefeller, Carnegie, Mellon, and so on. This perception pervades many of our assumptions about gender and wealth. For instance, a recent poll commissioned by the PBS-TV program "To The Contrary," shows that 76% of Americans believe that men control more wealth than women. If fact, the opposite is true: women actually control 51.3% of personal wealth.

As women control more and more disposable income, women's funds, which were created to support feminist organizations, are hoping to grow substantially. However, it is not just women's funds that are taking notice. Ironically, the career doors opened by the feminist movement could generate competition for women's funds searching for new donors. "A whole lot of organizations that have never addressed women or tried to raise money from them, are suddenly interested in this new source of dollars," says Carol Mollner, executive director of Women's Funding Network. "Women's organizations that have been vital to the gains women have enjoyed, on the other hand, often don't have the same resources or professional staff, and can be left behind."

Women's funds were created to support women's organizations, but also to address general social ills through a gender lens. Women's funds and the feminist movement were sure to be synergistic: as the feminist movement helped open career opportunities for women, those same women would now be able to contribute money to women's funds. Indeed, they have been very successful—the history of the women's funding movement shows that these funds have been able to grow remarkably despite limited staff and resources.

The roots of women's funds go as far back as 1888, with the establishment of the American Association of University Women's Educational Foundation. The first fund to grow out of the modern women's movement, the Ms. Foundation, was established in 1972. There are currently over a hundred women's funds existing in some stage of development. Forty-three of the largest women's foundations reporting to the Women's Funding Network raised a total of $31 million dollars in 1996, an increase of 14% over 1994.

The women's movement has created opportunities in mainstream philanthropy as well. Women now have a majority presence on the staff, but

RICK REINHARD

Grant making to women and girls doubled throughout the 1980s. Nevertheless, 75% of the U.S. population living at or below the poverty line are women and their children.

not the boards, of mainstream foundations. Between 1984 and 1994, the percentage of women staff members in foundations rose 60%; women now hold around three-fourths of all foundation staff positions. This is due, paradoxically, both to the old-fashioned idea that nonprofit institutions are an appropriate realm for women, and the opportunities created by the feminist revolution. In particular, some women who were originally given opportunities in women's funds have moved on to key positions in mainstream foundations.

It is a matter of great consternation, then, that this influx of women into mainstream philanthropy has done little to change the grant making of these institutions. In 1995, only 5.2% of all grant dollars were designated specifically for women and girls, according to the Foundation Center. A rabid optimist might point to the fact that grant making to women and girls doubled throughout the 1980s. Nevertheless, 75% of the U.S. population living at or below the poverty line are women and their children. Women's organizations, with their emphases on workplace discrimination, reproductive health, child care, domestic violence and other deep-rooted social problems, would seem well-suited to tackling widespread poverty and discrimination.

The argument offered by defenders of the status quo is that women and girls are served by more general programs. "But this doesn't happen automatically," says Mollner. "For example, there is a lot of evidence that girls are often ignored in the classroom. There is a similar dynamic in nonprofit programs. Many programs designed for a 'general audience' are really designed with men and boys in mind. If these programs were designed to cater to the unique needs of both men and women, there would be less of a need for women's organizations. We encourage use of such gender lenses in general programs, but we're far away from achieving that goal."

So why haven't women substantially changed foundation grant making? "This has more to do with the evolution of leadership in bureaucracies than anything," says Mary Ellen Capek, researcher and author of the monograph series *Women and Philanthropy: Old Stereotypes, New Challenges*. "As individuals move up the ranks, both men and women, the innovators and the troublemakers are naturally weeded out. Leaders are expected to buy into the culture of an organization, and wouldn't have gotten promoted if they were going to rock the boat."

The fact that a strong female presence in mainstream philanthropy has not changed foundation grant making underscores the need for strong women's funds. "If mainstream foundations directed enough money to women's and girls' programs, there would be no need for our fund," says Atlanta Women's Fund Executive Director

Stephanie Davis. "That will never happen."

However, women's funds slowly change mainstream philanthropy by providing a training ground for politicized grant makers. Women who move directly from women's funds to mainstream philanthropy tend to bring a heightened awareness of women's issues with them. Elizabeth Bremner went from the Los Angeles Women's Foundation to president of the Sante Fe Community Foundation. "After one has worked in a women's fund, you are able to bring an awareness to the table wherever you go," says Bremner. "At this point, even the male chair of our board of trustees asks how we will reach women and girls with our grant making. Of course, they hired me knowing I had a track record working in a women's foundation that was diverse and representative of the community, so they were already looking for that."

In this way, women's funds are often seen by mainstream foundations as influential role models, as well as specialized grant makers. Since gender issues cross racial, ethnic and class barriers, women's funds have prided themselves on having some of the most diverse boards and staffs in organized philanthropy. "This diversity has allowed women's funds to do some of the most innovative grassroots funding in organized philanthropy, because their constituencies are represented on their boards and staffs," says Bremner.

Women's funds' organizational structure has also allowed the funds to take risks with their grant making. Women's funds often will give seed money to newborn nonprofits, who then go on to attract funding from other sources. "Women's funds made the first grants to organizations dealing with gender violence, homeless women and women and AIDS, issues that are now funded by mainstream foundations," says Mollner.

Mollner emphasizes that diversity and innovation do not end with grant making, but apply to fund raising as well. "Women's funds are not about the charitable model, with the wealthy giving to the poor," she says. "We emphasize more of a self-help approach with everyone giving what they can. We want people at all class levels to give what they can."

However, the emphasis on class diversity comes with its own set of challenges. As Capek illustrates in *Women and Philanthropy*, the goal of reaching wealthy philanthropists can come into conflict with an organizational structure committed to treating individuals of limited means as equals to those of wealth. The coming transfer of wealth has raised the stakes, and women's funds are now asking themselves how they can preserve their unique organizational philosophy and also attract big bucks. "When you are only trying to raise $100,000, it is easier for board members who are not wealthy to contribute equally," says Capek. "As soon as you shoot higher, you begin to rely on your wealthy board members, who, of course, have greater access to other wealthy individuals. Women's foundations have struggled with this for years. On the one hand, women's funds see how distorting and corrupting class can be, and want to do it differently. On the other hand, you need to have a small cadre of wealthy donors so that you can begin to make large grants."

The Dallas Women's Foundation is an example of a foundation that has courted wealthy donors from the beginning, and has something to show for it—an endowment of $4.5 million. Every board member must raise or donate $2,000, a decision the foundation acknowledges excludes less wealthy individuals. "We understand that there is a valid debate on how to organize boards, and we have come down on this side of the issue," says Becky Sykes, executive director of the foundation. "We have on the board a lot of professional women with real pull at corporations. This has allowed us to access a lot of dollars that we wouldn't otherwise have."

The Dallas Women's Foundation, like a number of others, began by building an endowment right away. Many other funds, however, have spent most of their history granting out all the money they raise. "When we started the Los Angeles Women's Foundation, the issues were critical and we felt like the best idea was to get as much money out the door as possible," says Bremner. "Over the years, we have learned that the work will need to be continued forever. This is a long-distance run, and we need to pace ourselves."

As women's funds become more established and begin to attract more affluent donors, an endowment becomes a critical symbol of perpetuity. Women's funds now have a total of $80 million in assets, and an initiative led by the Women's Funding Network aims to raise that number to $450 million by 2009. "There are not many individuals that will give planned gifts to an institution without an endowment—they want to be assured of permanence" says Mollner. "This sets the stakes a lot higher."

While most women's funds pride themselves on a healthy mix of endowment building and diversity, some begin by building a board with an emphasis of one over the other. But Bremner believes the funds usually end up with a healthy mixture of both. "It will take a women's fund that focuses primarily on class diversity longer to build

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"We wanted to get away from the bake-sale mentality," says Becky Sykes of the Dallas Women's Foundation. "In the past, women ... would throw a huge charity ball and give away all the money. We wanted to go beyond that."

an endowment. The growth tends to be much slower," she says. "On the other hand, for a women's fund that has focused on raising money, it is going to take longer to make grants that reach deep into the community. We can't measure foundation success purely by its dollar resources."

Some fear that women's funds could lose their edge by becoming large, endowed institutions. "Most large foundations are gutless wonders," says Capek. "It is harder to take risks with million-dollar grants than with $2,000 grants. So the funding becomes pretty pale. This is the perennial problem. How do you keep innovation alive as you grow and become more bureaucratic?"

For many large donors, it is the age of women's funds, rather than their institutional culture, that make it difficult for donors to trust them with large donations. Many donors like to give to organizations they feel are established and, therefore, seen as a safe investment. "It is really difficult when you are a young organization to ask people to invest in an endowment," says Bremner. "People worry about giving to an organization that is only 10 years old, especially estate giving. Donors worry, 'What will happen to my money if they don't make it? Where will it go?' "

Despite the uphill battle, the Dallas Women's Foundation has made creating an endowment its number one priority. "We wanted to get away from a bake-sale mentality," says Sykes. "In the past, women have had a lot of volunteer energy. So women would throw a huge charity ball and give away all the money. We wanted to go beyond that. We felt it was important to build something permanent, but it hasn't been easy. It took 10 years to raise $3.5 million, but now that we are established and the economy is good, we are raising more than ever before."

The relative youth of the funds also makes it difficult to raise unrestricted money. "Donors feel comfortable giving Princeton University a half-million dollars because it has a long history," says Capek. "However, when they give to a women's fund, even one that is 25 years old, they want strings attached. So, donor advised funds become a route for attracting wealthy donors, but you lose a lot of grant making flexibility."

The Atlanta Women's Fund, like others, believes that wealth does not preclude women from having a social consciousness. The fund has capitalized on this philosophy by creating fund raising luncheons that connect women in high-income professions with a corresponding social issue—they meet activists in the field, raise the money and make the granting decisions. For instance, one luncheon raised money from real estate brokers for homelessness issues. Another luncheon asked women who work in the finance industry to raise money for issues concerning economic justice for women. Each event raises more than $100,000. "There are a lot of professional women who are too busy to give back to the community by volunteering, but still want to be involved," says Davis. "They have a comfortable income and hunger for connection."

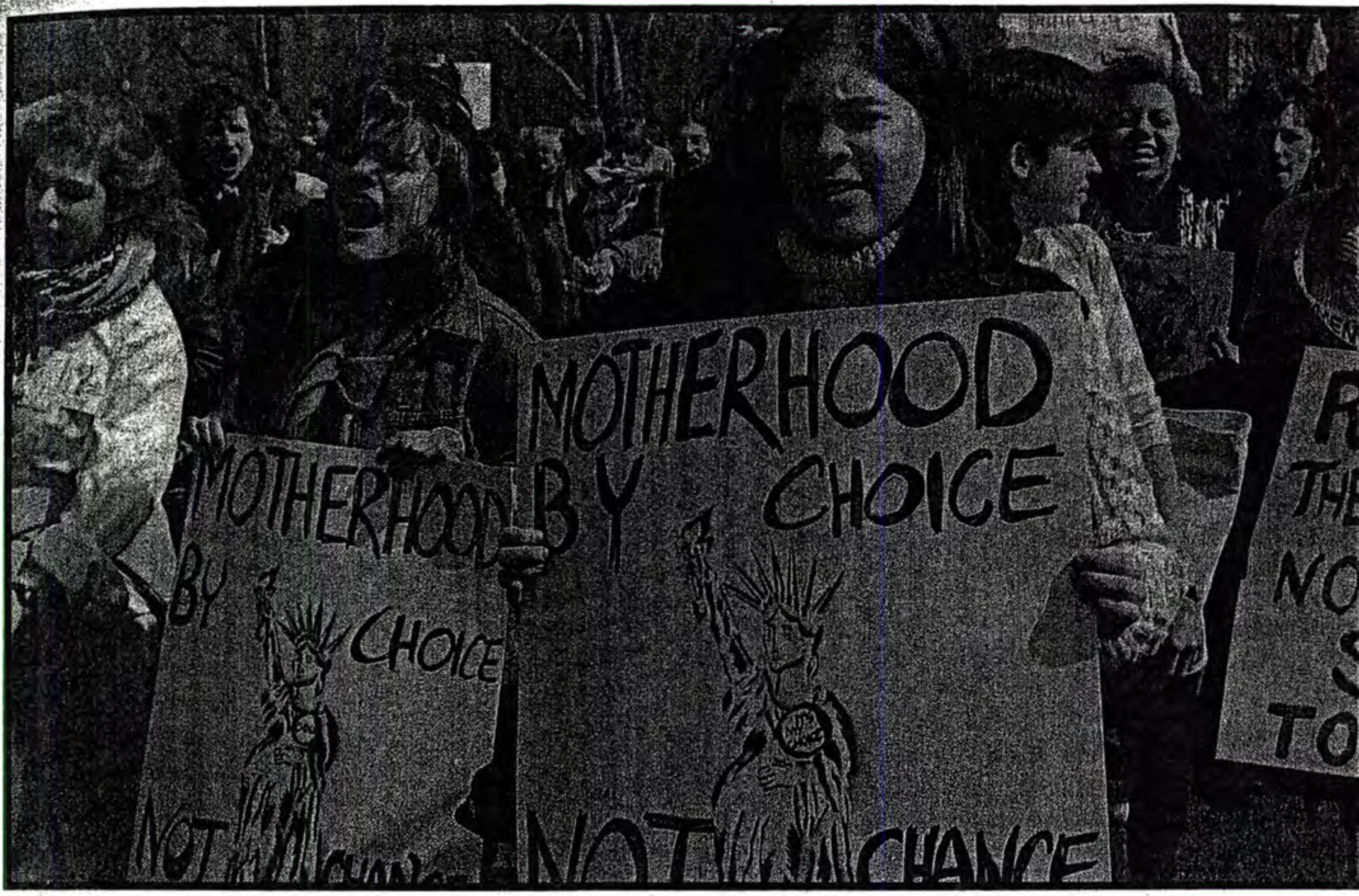
The Dallas Women's Foundation has allowed corporations to make donor-designated grants that are essentially chosen by the foundation, but given in the corporations' names. "These allow us to grant out more money than we otherwise would have, and they are less restrictive than many donor advised grants," says Sykes. In one example, Texas Instruments gave the Foundation money to regrant to programs that involve women and girls in science and technology.

While these funds rely on wealthy donors, corporations and mainstream funders for large gifts, most still allow plenty of opportunities for less wealthy individuals to give to the fund. The Los Angeles Women's Foundation, for example, runs a workplace giving program in addition to its other fund raising efforts.

"The focus of our workplace giving program is really community outreach," says Bernice Brattler, executive director of the foundation. "We can reach a half-million people in their workplaces. This raises consciousness and allows workers an opportunity to give to women's programs." Women's funds organized as federations in Philadelphia, Chicago and Seattle also rely heavily on workplace giving.

Some women's funds are beginning to have an intergenerational focus as well. The Third Wave Foundation in New York is a women's fund that is run by and for women aged 15 to 35. The foundation serves young activists, inheritors and entrepreneurs. It both runs programs geared towards young activists and makes grants to established programs. At the same time, the foundation runs an annual conference, co-organized by the Funding Exchange, for young people of wealth. Third Wave Foundation emphasizes that an intergenerational perspective is crucial for building a movement. "We constantly reach out to older women as mentors," says Vivien Labaton, executive director of the foundation. "We have a lot to learn. Unfortunately, I don't see the same in reverse. I think other women's funds overlook the potential of young women. In particular, many established women's funds seem hesitant to utilize the talent of their younger staff members."

The Third Wave Foundation is not the only organization offering training and advice to



donors. Many women's funds are beginning to offer financial planning services to women, which enables them to plan their giving within their budgets. "A lot of people just send a few checks out at the end of the year instead of really thinking about what is important to them and how to be an effective donor," says Mollner. "The reality is a lot of middle-income people can easily give a thousand dollars a year or more without a huge sacrifice. It just takes planning your finances to allow for that."

The Boston Women's Fund, in collaboration with the Haymarket People's Fund, is offering intensive fund raising training to women of color working in grassroots organizations. In this way, it hopes to give women's organizations in low-income neighborhoods the skills to raise money from wealthy individuals and foundations. "We are redefining fund raising based on the values held by women of color," says Pat Maher, executive director of the Haymarket People's Fund. "We raise money from a set of donors, and then provide the opportunity for the participants to actually sit down with a donor and ask for a contribution. In this way, they are really getting first-hand fund raising experience."

It is a combination of women's funds' innovations, diversity and access to wealth and mainstream foundations that have allowed them the success they enjoy. However, women's funds are still far from being considered mainstream, and grant making to women and girls by the largest private foundations remains minimally changed. One potential reason for this is the well-funded backlash against feminism disseminated by right-wing institutions. "The right wing has been very successful at stereotyping women's issues as 'special interest' and labeling feminists as 'feminazis,'" says Mollner. "Considering we represent half of society, that is a ridiculous assertion. However, despite the gains the women's movement has made, this perception has had a powerful effect on our ability to grow as a movement."

Women's funds struggle to find new words to explain old ideas without relying on jargon and, at the same time, to reclaim words like "feminism." Moreover, creating women's funds designed for perpetuity and able to attract planned gifts, will bring the movement the credibility that has generally been reserved for large, mainstream foundations. If, as the Women's Funding Network hopes, women's funds have $450 million in endowment money by 2009, it will be hard to characterize women's funds as a fringe movement. ■

Women's funds struggle to find new words to explain old ideas without relying on jargon and, at the same time, to reclaim words like "feminism."

program is being expanded into a statewide, K-12 curriculum in Michigan now.

The high school course, in general goes like this: In semester one, students study the history of foundations and philanthropy, engage in activities to enhance teamwork, identify community needs, practice leadership and public speaking skills, and learn grant writing and evaluation. In semester two, the students undertake community service projects, engage in reflective activities, learn problem-solving and decision making, and make grants.

The Surdna Foundation began the project under a grant area called "Creating Effective Citizenry," which includes student community service. The rationale for the project, says Surdna Foundation Executive Director Ed Skloot was this: "Young people in many places have been able to serve on nonprofit boards. But, they never got to be out front. I thought, let's give the kids some real responsibility." The course, approved by the New York City School Board as a credit course, was developed to be used in high-risk neighborhoods. Skloot explains, "There were some efforts to do this at a private school, where kids may have more experience with using money. My idea was to take it where kids would learn. Foundation funds are risk-capital-that is my view. So, why shouldn't we take risks?"

Linda Frank, an educator and former head of a nonprofit organization, put together the curriculum with a few other teachers. Over six years, the number of schools in the project rose from three to 18. Surdna gave students $2,500 each year to disburse.

Frank is now a consultant to the Michigan K-12 Education in Philanthropy Project, which aims to integrate the teaching of philanthropy across the K-12 curriculum with other core academic standards, such as social studies and language arts. Like MCFYP, it is being administered by the Council of Michigan Foundations. Kellogg and Surdna are funding this effort, too, as is the Lilly Endowment.

The project development is still on going. So far, the design and testing of curriculum modules and materials has been a grassroots effort led by 46 practicing classroom teachers from rural, suburban, urban and private schools, who are writing, piloting, and determining how to assess the learning from the curriculum.

Frank says, "The curriculum is actually a leadership program designed around running a foundation. It's designed to teach students about the third sector in maintaining democracy in our society."

She adds, "We're now reaching kids in Kindergarten, telling them their lives should involve helping other people. When they look at their community and see what makes it a good place to live, we explain it's because they see people volunteering their time, for example, in Girl Scouts and Little League."

The project's current curriculum, geared to junior and senior high, and other information about the project can be found on the Web at **http://www.msu.edu/~k12phil.**

Empowerment and Leadership

The high school course on philanthropy found its way beyond New York City and the project in Michigan to Los Angeles, among other places. Jane McCoy Miller, a trustee of the Bowen H. and Janice Arthur McCoy Family Foundation, and Claire Peeps, executive director of the Durfee Foundation, in Santa Monica, California, began the SSPP program last year in three high-risk high schools in Los Angeles. It was tacked on to two tenth grade English classes and an accounting/finance class.

Says McCoy, "We gave a two-year grant to each of the schools. They each received $12,000 outright for students to distribute, $1,000 for whatever the schools felt was needed to provide for the curriculum, and $200 for students to duplicate materials."

One thing that worked well as part of the curriculum was that the students' decisions required a lot of consensus-building. The negotiating made for a better, but more difficult, class experience, says McCoy. One teacher reported that through the grantmaking process, students gained a lot of self-confidence and became more articulate. In the first year, the students gave grants mostly within their schools, but next year, McCoy says, the aim will be to move out to the community.

Peeps says, "It seems a lot of funders are dealing with issues of youth development, and including youth at-risk, but very seldom is there planning to help youth address their own concerns."

"Many of the kids in these three high schools," Peeps says, "are from welfare families, in very tough neighborhoods. One of the school's principals felt very strongly that this program was helping to break the sense of entitlement in their community, that students felt they can be empowered by raising money and giving it away to make change. And by working collectively, they can affect policy and their day-to-day lives." One of the things added to the Los Angeles curriculum is it that brings students from the three schools together to talk about what they funded, needs in the community and outcomes.

Besides upping content in their curriculum, and starting activities sooner this school year, Peeps says, "We would like a program that graduates youths from a classroom to a wider collaborative, where they can work on philanthropic activities, rather than languishing after a year of training."

The SSPP curriculum is also being used at the Devereux Glenholme School, in Washington, Connecticut. Devereux Glenholme is a residential school that helps young people, ages 5 to 16, with a variety of behavioral and emotional problems and learning disabilities.

According to Lisa Williams, community service coordinator at the school, the SSPP course provides a framework for students to get their minds off of their problems by getting more involved in the community. The first step of the curriculum is for students to trust each other and to talk about important issues. Then students work as a group and listen to the opinions of others. Eventually, they begin researching and carrying out fund-raising projects so they can offer grants.

Students formed their own foundation, called the Teens Who Care Foundation, after receiving a $1,500 challenge grant from Berkshire/Taconic Community Foundation in Great Barrington, Massachusetts. Williams says, "At first, it seemed impossible for the students to raise a matching $1,500. But we made jewelry and cookies, among other things, and actually raised $1,600." With this money, the youths made a variety of $300 grants to ten youth programs.

With Government

In 1996, Oakland, California, voters passed a ballot measure that allocates 2 percent of Oakland general budget funds-above and beyond youth line funding-for youth programs for the following 12 years. Over time, those funds have added up to around $6 million for something called the Oakland Fund for Children and Youth. As part of that, the city council appointed a grantmaking body of one adult and one youth who have awarded $250,000 to various youth projects so far. They have also decided to use $250,000 more of those funds to develop a citywide youth-to-youth grantmaking committee and process. It's still in the planning stages, but if put into effect, the committee would likely work with the East Bay Community Foundation. The foundation will provide training and technical assistance and would also receive the municipal funds and re-grant them to neighborhood groups.

Says David Pontecorvo, program director, "This is putting tools in the hands of young people where they can make a real difference on the local level. It gets them thinking about policies and activities that affect our community."

A Hybrid, Among Others

Just this past year a group of students at the Wayneflete School, a private school in Portland, Maine, merged bits of the philanthropy curriculum model with pieces of the community foundation model. They set up their own foundation as a component fund of the Maine Community Foundation in Ellsworth. The Wayneflete Student Foundation is the first student-run foundation in the state. It makes 20 percent of its funds available to groups on campus, with the other 80 percent going to youth groups in the region and to groups with a broader purview, such as Mothers Against Drunk Driving and Amnesty International.

Alexandra Antoniou, 16, is cochair of the student foundation. She says, "In the beginning, we decided to work in a consensus arrangement. Everyone had to give a little in some way. Sometimes, we'd have to start the grantmaking process all over. It was difficult."

Doug Malcolm, a philanthropic advisor by trade and coach to the Wayneflete students, developed a proposal, which he is shopping around the state, called "New Roots." Its goal is to build a permanent endowment for youth grantmaking in Maine, modeled after the MCFYP. But instead of a receiving grant money from a single foundation, the proposal requires a mix of private, public and government funds. So far, it has the support of the Maine Governor Angus S. King, Jr.

Among the other existing student grantmaking programs around the country:

- The El Pomar Foundation in Colorado Springs, Colorado, created the El Pomar Youth in Community Service program in 1991. It is a collaborative effort between the foundation and 77 Colorado high schools, where student foundations are established. After each group of students raises $500, the foundation then grants them $7,500 and trains them on how to make grants. Over the past seven years students have granted over $2 million dollars to nonprofits in their communities.
- Since 1990, the Cleveland Foundation has funded the John K. Mott Youth Fund Distribution Committee, a group of about 30 high schools students, from a mix of Cleveland communities. They meet over several months to review funding requests for $20,000 of United Way funds, and allocate those funds to nonprofits groups providing youth services in the area.
- In Fort Lauderdale in 1994, teenagers established the Pine Crest Community Foundation, named after their private school. The Plan for Social Excellence in Mount Kisco, New York, a private foundation, was so impressed by the program that it produced a video about it, and plans to distribute the video this fall to 200 schools nationwide in an effort to encourage start-ups of similar foundations.

One of the founding students, Rebecca Brogan, is now a Harvard freshman and has approached the school's administrators *there* with the idea establishing a charitable foundation run by students.

These youth grantmaker programs aren't without their downsides-some committees suffer from too-few involved members, over the course of time experienced students graduate and move on, and not all of their grantmaking is great. (And sometimes adults can't leave their hands off of the process.) But a new generation of potential philanthropists have become aware of community problems and the activities that can solve them.

Even if some of these young people never have enough money to give it away, Linda Frank says, "At least they've learned how to care."

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Voting Age:18 or 16?

Diversity

A Rainbow of Community Funds

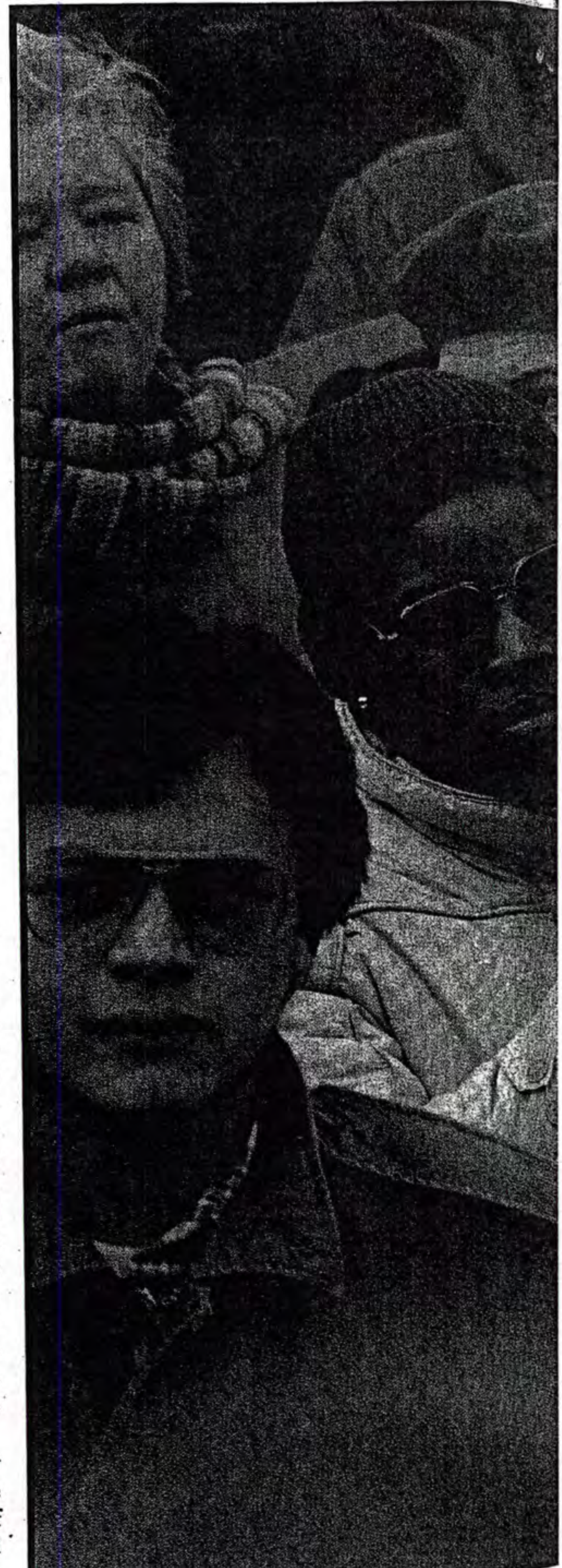
A wide spectrum of ethnically diverse grant makers brightens the philanthropic landscape.

As the Civil Rights movement began to inspire changes in America in everything from education to the workplace, philanthropy also became an arena for change. At the time, it was clear that the major grant making institutions—private, public and United Ways—were doing little to foster growth in nonprofits run by and for communities of color. The cultural makeup of mainstream grant making still falls short of meeting the needs of a diverse America. However, communities of color have created their own grant making institutions designed to address their particular needs. In this article, NCRP will examine African-American, Latino, Native American, Asian/Pacific-American community funds, and workplace giving funds—why they came into being, their current status and their future challenges.

African-American Funds

Independent and organized African-American philanthropic organizations have existed since the early 1700s in the form of churches, mutual aid societies and fraternal organizations. Formed largely by free African-Americans in Northern cities, they provided social service networks to a community ignored by government services and White nonprofit organizations. Beyond assisting free Blacks with everything from food and shelter to apprenticeships, these associations vigorously opposed the institution of slavery. The underground railroad, for instance, was supported through the fund-raising and volunteering efforts of these early philanthropists. Their activism was successful enough that by 1835, Southern states began to outlaw Black mutual aid and fraternal institutions. While this effort hampered the development of such institutions in the South, it did not lead to their complete demise, as they continued to grow tremendously in the North. It is estimated that at the dawn of the Civil War, almost half of the adult African-American population of Philadelphia was associated with a mutual aid society. In the seven years following the Civil War, the Freedmen's Bureau provided many of the services that had been the domain of the mutual aid societies. Later, a few large foundations became interested in educating African-Americans, but shied away from challenging Jim Crow laws.

In the 1950s and 1960s, African-American organizations, funded largely through indigenous philanthropy, challenged segregation in America. The success of the Civil Rights movement created the impetus for a variety of self-help initiatives, and as a natural extension, the creation of the National Black United Fund (NBUF), which introduced a new era in self-deter-



BLACK UNITED FUNDS
Arizona Black United Fund
Bay Area Black United Fund (CA)
Black United Appeal of Kansas City (MO)
Black United Fund of Georgia
Black United Fund of Michigan
Black United Fund of New Jersey
Black United Fund of New York
Black United Fund of Oregon
Black United Fund of Pennsylvania
Black United Fund of Texas
Brotherhood Crusade (LA, CA)
Illinois Black United Fund
Memphis Black United Fund (TN)

FUNDS UNDER DEVELOPMENT
African American Charities (Cleveland, OH)
Black United Fund of Central Ohio (Columbus, OH)
Black United Fund of Hampton Roads (Norfolk, VA)

1997 projected contributions: $5,400,000

mined grant making. As Emmett Carson, president of the Minneapolis Foundation and a leading scholar on Black philanthropy, explains, what was different about the BUFs was that "they were a systematic method of raising money, similar in some respects to tithing through the church, from people who did not know each other but who shared a common value of wanting to provide assistance to their community."

To fulfill its goal of self-determination, NBUF decided to concentrate on workplace fund raising. "Most African-American income comes from their salaries," says Bill Merritt, president of NBUF. "Government agencies, in particular, are a primary employer of African-Americans. Going to the workplace, especially public workplaces, has been the best way to reach Black donors." As part of its mission to retain institutional autonomy, NBUF refused to be incorporated into the United Way. At the time, United Way had a virtual monopoly on workplace fund raising and a stranglehold on the Combined Federal Campaign (CFC). The ensuing battle to open up the CFC involved a lawsuit filed by NBUF, lawsuits filed by the NAACP Legal Defense Fund, the Puerto Rican Legal Defense Fund and Natural Resources Defense Council and extensive lobbying of Congress and the Carter administration by NCRP, NBUF and many others. Finally, NBUF was admitted to the CFC in 1982. The opening of the CFC ensured economic vitality for NBUF and created momentum for the fledgling organization.

The era surrounding the CFC fight is described by Carson as NBUF's "movement" era, when NBUF's board "read like a Who's Who of Black America" and when the resources of the organization went primarily towards high-profile public policy conferences.

However, NBUF of today looks very different. It has become an organization focused essentially on the proliferation and growth of its local affiliates, the Black United Funds. Carson points to three changes that occurred over the 1980s that precipitated the change. The first was that the local BUFs needed organizational and technical assistance that was not being provided by the more activist NBUF. The second was a decline in funding by foundations and corporations that had supported NBUF's earlier efforts. This decline might have been the result of NBUF's controversial stance on the CFC and its confrontation with the United Way, of alleged difficulties arising from lax reporting on existing grants, or simply of the limited time frame of foundation grants. Whatever the reason, the result was an increased reliance and organizational focus on workplace fund raising. The third reason was the death in 1982 of Walter Bremond, founding president of NBUF. Not only was Bremond responsible for much of NBUF's activist strategy, it was his presence that attracted many of the high-profile board members.

"Our strategy shifted," says Merritt. "We still take an advocacy position, but now it is focused on philanthropy. We have always been involved in fighting discrimination against the Black community, and being blocked from workplace giving campaigns is another form of discrimination. That is where we put our energy now."

During the last 20 years there has been a considerable growth in the African-American middle and upper class. What does that mean for the BUFs and Black philanthropy in general? "Among wealthy African-Americans, there are two distinct world views," explains Carson. "Some see themselves judged not just on the content of their character, but also somewhat on the color of their skin. This group is more likely to support Black advocacy organizations. Others feel that they happen to be Black, but don't feel that it has been a disadvantage. They might fund advocacy organizations, but not ones focused along racial lines."

The claim that a segregated fund raising federation is unnecessary has been an argument used against BUFs from the beginning, usually from outside the Black community. Merritt thinks this is an excuse. "The real reason we are excluded from campaigns is simply to protect United Way's monopoly of the campaigns. It takes a lot of pressure for a campaign to open up to an alternative fund, and when it does, it will often be to a group with a broader constituency, like an environmental fund."

Carson says that those other funds have begun to compete with BUFs for African-American dollars as well. "It's not enough any more to say, 'It's just a Black thing.' We are not segregated anymore, and many African-Americans find value in both the White and the Black world. So now philanthropy is really a competitive marketplace and African-Americans feel they deserve the best service available. That means the BUFs must show the value-added services they provide. They need to communicate with the donors, and highlight the successes they have achieved."

The fact that wealthy African-Americans are willing to give to a wide variety of charities has not escaped the fund raising world. Many community foundations and other groups are courting these emerging donors. Carson proposed the creation of a national Black community foundation at the 1997 National Conference on Black Philanthropy, but so far, there is not a vehicle specifically designed to attract large individual donations from African-Americans. "BUFs aren't designed to access new wealth," explains Carson. "United Way doesn't get huge individual donations through workplace campaigns either, though they have managed to get big one-time checks from corporate executives. But they have inside connections to big executives, while BUFs are still working just to get into the campaigns. The upper echelon of corporate America is not full of Blacks. Black wealth is in entertainment, which is harder to crack."

Merritt is optimistic that BUFs have plenty of room to expand in the workplace. In 1977, there were 13 local BUFs raising a total of just over $1 million. By 1997, 21 BUFs raised an estimated $5.4 million. "Our experience with payroll deduction has proven that if African-Americans are given the vehicle to which they can direct their charitable dollars, then giving will expand. We have new local BUFs in Memphis and Atlanta that are doing very well. Athletes and entertainers do not need to be the primary source of philanthropy. There are plenty of workplaces with people who would give to a Black United Fund if given the chance."

"The upper echelon of corporate America is not full of Blacks," Emmett Carson of the Minneapolis Foundation says. "Black wealth is in entertainment, which is harder to crack."

Native American Funds

Most Native American tribes had an established philanthropic system long before the first White settlers arrived in the Americas. Darrel Kipp, executive director of the Piegan Institute, and a member of the Blackfeet tribe, says, "The entire religion and philosophy of the Blackfeet is based on sharing, giving, and receiving.... Giving bonds you to the group, and it bonds you within the group, because you have provided a series of gifts that allow the group to prosper." (Quoted in *The Honor of Giving*, by Ronald Austin Wells.)

Unfortunately, the colonization of North America left Native Americans with few resources to share. Native Americans have the highest level of poverty among ethnic groups in the United States. The majority of tribes have poverty rates of 50% or more and unemployment as high as 80%. Native American juveniles have the highest rates of suicide, alcoholism, drug abuse, delinquency and out-of-home placement among minority groups. This makes it all the more shocking that, according to Native Americans in Philanthropy (NAP), only two-thirds of 1% of foundation grant dollars went to Native concerns from 1991 to 1993, and only one-third of 1% went to Native-controlled organizations.

The high-profile Indian gaming boom has created a public perception that Native tribes are in no need of assistance. While it is true that a few tribes have eradicated poverty through gaming, these tribes tend to be small and located near urban centers. For many tribes, gaming is not a viable option, either logistically or spiritually (some have rejected building a casino on ethical grounds). In the decade or so since Indian gaming was given federal protection, the poverty on nine of the 10 largest reservations, which house half of the Native American population in the United States, has gotten far worse.

Rebecca Adamson of the First Nations Development Institute says mainstream foundations are unable to appreciate tribal organizations that view solutions more holistically.

Gaming has not, so far, provided capital for grant making. In last year's gaming regulations, however, casinos were urged to begin grant-making programs. Yet casinos, on reservations or not, are essentially industrial endeavors that are incorporated first and foremost for the benefit of their owners, in this case, the tribes. Expecting that gaming will become the grant making savior of tribes across the country is tantamount to expecting "New York to share its gaming [lottery] revenue with Hawaii," says Shannon Finley, in her American Indian College Fund report titled *Indian Gaming Hardly a Panacea*. "One cannot hold Indian governments to different standards than one holds state governments."

When Indian gaming operations do make grants, they are not necessarily to Native issues. "Casinos give to make themselves look good in the outside community so people will come and gamble on the reservation," notes Christopher Peters, executive director of the Seventh Generation Fund. "The recent and well-publicized grant of $200,000 to the San Diego Symphony is a good example." According to NAP's *Survey of Grant Giving by American Indian Foundations and Organizations*, in 1994, casinos gave $185 million to state and local governments, $3.1 million to non-Indian organizations and only $1 million to Indian organizations.

With mainstream foundations and Native corporations ignoring the needs of Native organizations, a new movement of Native grantmakers has risen to the challenge. These grantmakers, for the most part, attempt to create institutional organizations with a philosophy in harmony with indigenous culture and philanthropy. The movement has grown rapidly. In 1973 there were only three Native grant makers; by 1995 the number had grown to 32. While all BUFs have similar structures, Native grantmakers fall into seven distinct categories: corporate foundations, tribal foundations, publicly supported general interest foundations, publicly supported operating foundations, scholarship funds and special purpose funds. According to the NAP survey, Native foundations gave away $2.75 million in 1994. Native organizations with grant-making programs gave an additional $750,000 and the American Indian College Fund, which raises money exclusively for 29 member colleges, granted $5 million.

The vast majority of grant dollars went towards education, largely in the form of scholarships to individuals. Besides the enormous contribution of the American Indian College Fund, seven other funds and foundations granted more than $100,000 to educational efforts. This, like many aspects of Native grant making, is aimed to preserve tribal heritage, rather than promote assimilation. Historically, an American education was used as a tool of cultural erosion; Native American children were relocated in boarding schools where they were prohibited from speaking their language. Native grant makers' educational initiatives attempt to reverse this damage, particularly in their support of tribal colleges.

The second and third largest categories of grant making are economic development and cultural preservation. There can be an inherent conflict between the two, since some see the cash-based economy as the heart of assimilation.

"It is a common misunderstanding that the way to deal with Indian poverty is to mainstream tribes into capitalist economic life," says Peters. "Although the world opinion is that sustainable development systems are what work and need to be encouraged, at the same time, philanthropic efforts, for the most part, push for a cash-based system."

Peters' Seventh Generation Fund granted $500,000 last year in a number of areas, including cultural preservation, the environment, and protecting sacred lands. Peters advocates for a return to an informal economy, based on hunting and gathering, or at least "the opportunity for that kind of lifestyle."

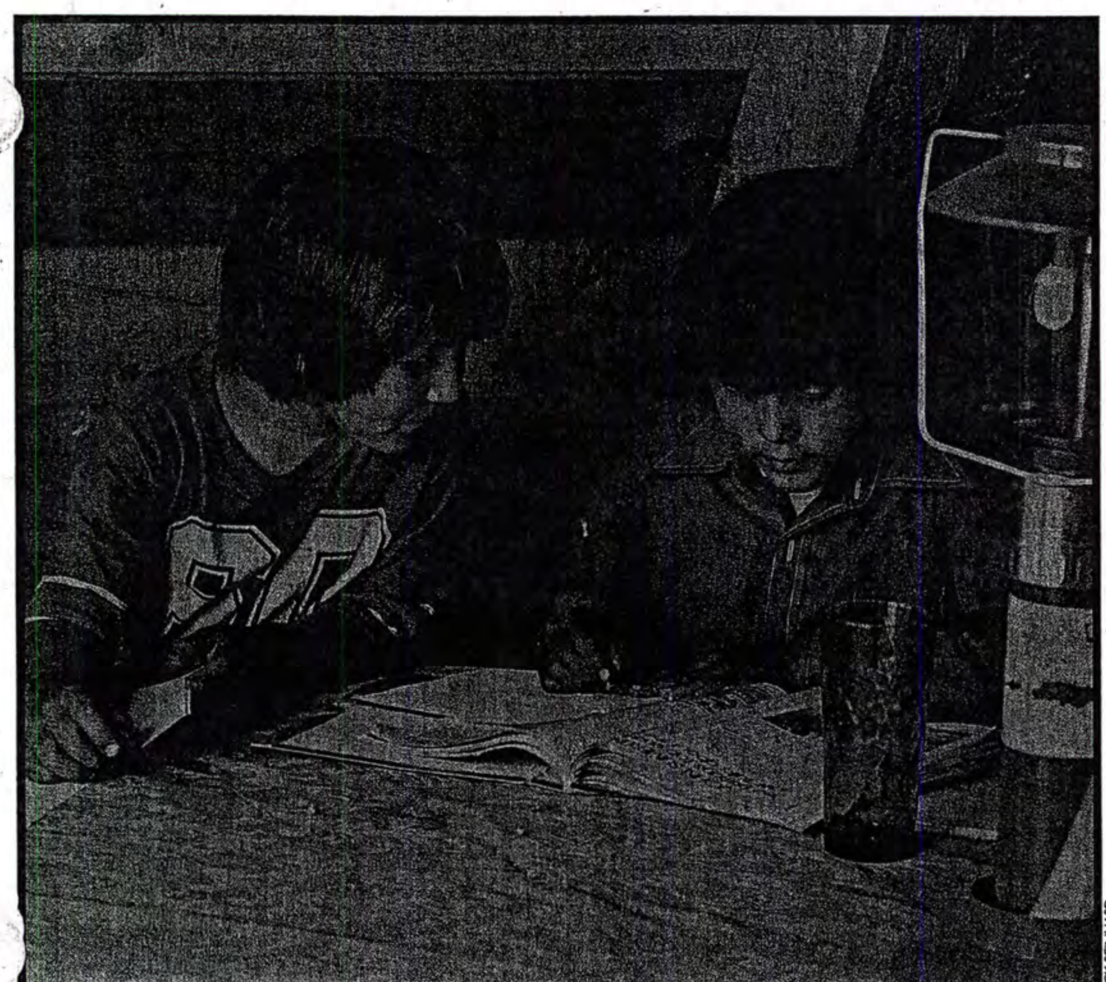
Rebecca Adamson, president and founder of the First Nations Development Institute, does not see a conflict between cultural survival and economic development. "If a lifestyle is dependent on a grant, then it is not a sustainable lifestyle," she says. "Unfortunately, we live in a profit-driven, cash-based society. The crucial question is how to create a livelihood that respects our traditional culture and sustains itself."

Adamson criticizes mainstream foundations for being too categorical in their funding, and therefore unable to appreciate tribal organizations that view solutions more holistically. She points to the Inter-Tribal Bison Cooperative (ITBC) as an example of a project that is business-oriented, sustainable, and does not fit into one particular grant area. The ITBC currently raises over 8,000 buffalo, which can sell for up to $1,200 a head. This has led to the reclamation of huge stretches of tribal land that had been used by cattle ranches. Buffalo, unlike cattle, eat indigenous prairie grass, the restoration of which has brought back indigenous species of larks and ferrets. Finally, Adamson notes, "The reintroduction of buffalo has brought back ceremonies that historically are connected with the slaughter of buffalo and provides skin and bones for traditional crafts. It is a culturally based project."

There has been a historical disconnect between charitable organizations on tribal lands and the nonprofit sector as a whole. However, recent IRS rulings have begun to bridge the two philanthropic communities. The first ruling states that charitable organizations incorporated under tribal law will be considered 501(c)(3) organizations. The other ruling treats tribal governments like state governments for purposes of private foundation grants. A recently published guide by the Council on Foundations, *Giving With Honor: A Legal Reference on Charitable Activities of American Indian Tribes*, explains the technical aspects of Native American charitable activities.

Latino Funds

Latino philanthropy is an emerging field with very different characteristics than either Native or African-American philanthropy. Rather than establishing funds that are designed specifically to retain a cultural identity, Latinos are much more interested in creating philanthropic vehicles that will assist, rather



RICK REINHARD

NATIVE AMERICAN GRANT MAKERS

Corporate Foundations:
CIRI Foundation (AL)
Sealaska Foundation (AL)
Doyon Foundation (AL)
Huna Totem Foundation (AL)
Bristol Bay Native Corporation Education Foundation (AL)
Calista Elders Circle (AL)

Tribal Foundations:
Navajo Way (AZ)
Seneca Nation of Indians Educational Foundation (NB)
Chickasaw Nation Education Foundation (OK)
Michigan Native American Foundation
Blackfeet Educational Foundation (MT)

Publicly Supported Foundations:
First Nations Development Institute (VA)
Native California Network (CA)
Seventh Generation Fund for Indian Development (CA)
Hopi Foundation (AZ)
George Bird Grinnell American Indian Children's Fund (CO)
Abya-Yala Fund (CO)

Publicly Supported Charities:
American Indian Heritage Foundation (VA)

Scholarship Funds:
American Indian Graduate Center (NM)
Native American Scholarship Fund (NM)
American Indian Development Foundation (CO)
Thunderbird American India Scholarship Fund for Indian Students (NY)
Rosa Minoka Hill Fund (CO)
Helen Gough Foundation Trust (ND)
Native North American Scholarship Fund
Rudy Martin Fund for the Arts (NY)

Special Purpose Funds:
American Indian College Fund (CO)
American Indain Ritual Object Repatriation Foundation (NY)

Native American Funds Grants 1994: $7,575,000

than resist, the mainstreaming of Hispanic Americans. Their efforts emphasize citizenship and literacy programs. This rapidly emerging population, however, has been virtually ignored by most of institutional philanthropy; only 1.4% of foundation funding in 1992 went to Hispanics.

There are currently six Latino funds in operation. Three of the funds raise capital through workplace giving campaigns—the Hispanic Community Foundation of the Bay Area in San Francisco, the Hispanic Federation of New York City, and the United Latino Fund in Los Angeles. The San Francisco and New York funds were created out of partnerships with local United Ways. The Los Angeles fund is independent. The remaining three funds are fully staffed field-of-interest funds in community foundations—the Greater Kansas City Hispanic Development Fund, the Hispanic Fund of Lorain County, Ohio, and El Fondo de Nuestra Comunidad in St. Paul, Minnesota. In 1996-97, according to research conducted by Henry Ramos, they had a collective asset base of $4.5 million and granted a total of $897,000.

"Latinos are emerging in the same way that immigrant communities have always evolved in the United States. Latinos want to be in the mainstream, Latinos want to help build American consumer products, Latinos want to be a part of a healthy civil society," explains Henry Ramos, principal of Mauer Kunst Consulting and former Irvine Foundation staffer. "The funds exist, not as an attempt to separate themselves, but simply because the Latino community has been excluded from philanthropic institutions.

The Latino funds apply the same principles as mainstream philanthropy, and look to them for inspiration. It is sad, therefore, that some philanthropic leaders see them as simply a vehicle for taking money from established foundations, when that couldn't be farther from the truth."

Paul Castro, co-founder of the United Latino Fund in Los Angeles, remembers that attracting foundation grants was not a priority for the early architects of the movement. "When we started the United Latino Fund, we were focused on creating a vehicle for self-determination. Foundations were never seen as the component that would make or break the movement. It was about us, not them. We wanted to make a case to Latino donors in Los Angeles. We looked at the large numbers of Latinos in the municipal workforce, and we thought if only 1% to 2% gave us $10 a month, we could be raising around $100,000 a month."

Unfortunately, none of the Latino funds attracted close to that level of giving. The reasons for this are both complex and entrenched. In many of the countries where Latinos originate, services are generally provided by the state or the church. When Latinos arrive in this country, there emerges an informal philanthropic system, which includes giving to extended families or within their own neighborhoods. However, Latinos as a whole remain ambivalent about institutionalized philanthropy.

Castro remembers the early efforts of the United Latino Fund, "I started the fund and still had to spend two hours convincing my father to give. He said, 'If I care about the homeless, I will give to a poor person, or I will give to my church or school. I take care of my own.' Philanthropic institutions remain too abstract a notion for many Latinos."

The only solution to this dilemma, ironically, may be increased capitalization from the powers that be. "In the end, it was foundations that breathed life into the Latino funds movement, but not enough. They essentially have been funded to fail," Castro explains. "We need to have enough money to show that the funds are effective, accountable to the community and can make a difference."

The Latino funds can also be helpful to mainstream foundations by identifying nonprofits and community needs that are beyond the foundations' reach. "We are in a better position to know what we need in our community than the dominant culture," says William Diaz, senior fellow at the Humphrey Institute and former Ford Foundation official. "Latino funds develop emerging organizations that would be beyond the operating guidelines and programmatic areas of most philanthropic institutions."

Ramos feels that the funds do mainstream philanthropy a service by being a testing grounds for new ideas. "The funds tend to give flexible grants that allow innovative programs to grow, and in the process, are getting the mainstream to push the envelope by testing riskier investments."

Some foundations claim that the funds' lack of leadership and management do not warrant continued funding. But Ramos feels that the foundations need to have realistic expectations.

"To be frank, there have been some issues with the management of the funds. This should be a priority of the fund leaders, and will bring credibility to the Latino funds movement," he says. "However, philanthropic experts need to keep in mind that these funds are still in formation, and can't be expected to work as efficient-

"Philanthropic institutions remain too abstract a notion for many Latinos," says Paul Castro of the United Latino Fund.

ly as institutions that have been around 50 years or more."

The Latino community is already a significant portion of the population in places like Los Angeles and Miami and is growing all across the country. This creates an impetus for mainstream foundations to support the growth of philanthropy in these communities.

"In the future, it will not just be Latino organizations that are looking towards Latino donors for support," says Ramos. "Latino funds are a way to begin to build a bridge to these future net assets. The more the mainstream resists the success of Latino funds, the more long-term harm they will be doing to themselves. This is not just a Latino issue, this is about the long-term sustainability of the independent sector."

Another factor that has impeded the creation of a cohesive Latino philanthropic movement is the lack of a single Latino identity. While viewed as a distinct group by the Census Bureau and others, in reality the Latino "community" is made up of many different nationalities. This is something with which the United Latino Fund in Los Angeles has struggled.

"There are a lot of independent communities within the Latino population," explains Castro. "In Los Angeles, 85% to 87% of the Latino population is Mexican and it has been very difficult to cross the barrier to other groups. Mexicans are often seen as the giants who get everything. So the Central Americans are starting to organize themselves separately. This is a real challenge for the funds."

"In the Bay area, Asians make up 20% of the population, but only received 0.5% of foundation funding," says Gail Kong of the San Francisco-based Asian Pacific American Community Fund.

Besides dealing with tension among separate Latino populations, Los Angeles has also seen some conflict between Black and Latino communities. Many historically Black neighborhoods, such as Compton, will soon have a Latino majority. This creates a situation where, as Castro puts it, they are "fighting over the bones thrown to ethnic communities." In other words, there is a perception that there is a limited amount of power to be granted to minority communities, and holding on to your piece can be easier than trying to cooperate for a bigger pie. As Castro notes, "Blacks and Latinos together could elect the city mayor." Unfortunately, there has been a historic inability to cooperate even on workplace fund raising issues.

However, this may be changing. The Los Angeles United Way, the Brotherhood Crusade (the first Black United Fund), the United Latino Fund and others have agreed to work together on the workplace fund raising campaign of the Los Angeles city government. This collaborative will work together to hire one person to market the campaign, with all federations treated equally. "At this point, trust is still just a word," cautions Tony Espinoza, president of the United Latino Fund. "Hopefully, it will provide efficiency in the campaign, and a new strength in our relationships."

Asian/Pacific-Americans

In some ways, the situation of Asian/Pacific-Americans is similar to Latinos. They are a rapidly growing group that nearly doubled in 10 years to become 2.9% of the population in 1990. Many are foreign-born newcomers, refugees from countries ravaged by war, who work long hours in urban sweatshops for near-starvation wages. A walk through Manhattan's Lower East Side is a reminder that no immigrant group is exempt from the grueling road to assimilation; the tenement houses and sweatshops once filled with Jews are occupied by recent Asian immigrants and operating at the same turn-of-the-century conditions.

With median incomes equal to or exceeding national averages, native-born and recently immigrated Chinese, Japanese, Korean, Filipino and Indian Americans, who often arrive educated, professional and with well-established family ties, create the impression of a "model minority." However, this applies only for certain communities in the Asian/Pacific-American population.

Asian/Pacific-Americans are still largely absent from the halls of philanthropy. A survey by the Council of Foundations of its members shows that Asian/Pacific-Americans are a mere 0.9% of foundation board members and only 0.5% of CEOs. Between 1983 and 1990, only 0.2% of foundation dollars went to organizations working in Asian/Pacific communities, according to *Invisible and In Need*, a report published by Asian Americans and Pacific Islanders in Philanthropy (AAPIP).

While Asian/Pacific-Americans have created an informal philanthropic network that provides survival assistance to arriving immigrants, it is only recently that they have created philanthropic institutions. There are currently three federated community funds located in New York, San Francisco and Los Angeles; the oldest, in New York, is in its eighth year. All participate, to some degree, in workplace fund raising.

The Los Angeles fund receives most of its money from workplace giving campaigns, and often finds itself in competition with the local United Way. This relationship may improve in the new cooperation among the Los Angeles workplace giving funds. The San Francisco and

EARL DOTTER

the New York funds, on the other hand, have had longstanding affiliations with the local United Ways and are more involved in cultivating individual donors. The three funds granted a total of $285,400 in 1997.

While the funds hope to foster relationships with wealthy Asian donors, they also exist to alert mainstream foundations to the needs of the Asian community. At least 10 special interest funds have been created in community foundations. "In the Bay area, Asians make up 20% of the population, but only received 0.5% of foundation funding," explains Gail Kong, executive director of the Asian Pacific American Community Fund in San Francisco. "There is a lot of education needed in the foundation world, and we want to help be part of the change. That includes being funding partners as well."

Invisible and in Need, the AAPIP report, documented foundation unresponsiveness to the Asian community, noting that there was "very little funding for legal rights, community development, advocacy and public policy analysis." The San Francisco fund has launched a campaign this year to encourage advocacy among the Asian/Pacific population.

"We know there is a cloud hanging over the Asian population because of the campaign finance scandal," says Kong (referring to the allegations that Asian businessmen gave illegal contributions to the Democratic party). "We are worried that Asians will disassociate from politics as a result. We are going to sponsor community forums to educate people on proposition issues, tenants' rights, parental involvement in the school system and other essential issues we must be involved in."

Like the Latino funds, Asian/Pacific-American funds are in need of substantial support to increase their visibility. Some of them have attracted high-profile board members and committed staffs, and are hoping to build from a strong start. "We are cautiously optimistic," says Kong. "We clearly see our role and the path to success. Now we need a couple of people to step forward and really support us." ■

ASIAN FUNDS

Asian Pacific Community Fund of Southern California (LA, CA)
Asian Pacific American Community Fund (SF, CA)
Asian American Federation of New York (NY, NY)

Asian Pacific Funds Grants 1997: $285,000

Religion

Passing the Plate—and Feeding the Spirit

Progressive faith-based grant makers are quietly supporting a vibrant movement at the local level.

INTERFAITH FUNDERS
- Dominican Sisters of Springfield (IL)
- Evangelical Lutheran Church Domestic Hunger Program (IL)
- Sisters of St. Francis of Assisi (WI)
- Presbyterian Church USA: One Great Hour of Sharing Fund (KY)
- Catholic Campaign for Human Development (DC)
- Unitarian Universalist Veatch Program at Shelter Rock (NY)
- Marianist Sharing Fund (MD)
- Jewish Fund for Justice (NY)
- Claretian Social Development Fund (IL)
- Sisters of St. Francis of Philadelphia
- United Methodist Church, Board of Global Ministries (NY)
- Missionary Oblates of Mary Immaculate (DC)

With the amount of media attention given the religious right in the past few years, it would seem that religious political activism inhabited a political spectrum limited to abortion clinic bombers and the Christian Coalition. Behind the scenes, however, national faith-based progressive organizers, such as Industrial Areas Foundation and Pacific Institute for Community Organizations (PICO), are bringing communities together to work on social justice issues such as livable wages, housing and welfare reform.

"The progressive movement has insufficient resources and isn't organized to successfully counter the conservatives on socially divisive issues at a national level," says Jeannie Appleman, executive director of Interfaith Funders, a national consortium. "We just don't have a unifying force on cultural issues. Plus, they raise more money. They have huge think tanks and they have managed to wed the ideology and grassroots bases of the religious right."

However, Appleman reports that a different story is emerging at the local level. "People are coming together under progressive religious organizing and transforming communities. This is the kind of fundamental change that doesn't dissipate," she says. "If we can simply reframe the debate about welfare reform, that would be a huge success."

In the last national elections, the Christian Coalition did not bring people out to the polls like it had promised, signaling that the movement is waning. "The Christian right is a force that is overestimated," says Doug Lawson, associate director of Catholic Campaign for Human Development (CCHD). There is reason to believe that faith-based progressive organizing may leave a legacy wider and deeper than that of the religious right.

"Congregation-based organizing is not about politics," Lawson adds. "It is broad-based and multi-issue. We are about bringing people together to face the issues that are really plaguing the community. We don't go out there with a set of issues in mind; this allows us to bring all kinds of people together."

Realizing that their commitment to community organizing transcends their denominational differences, 11 progressive faith-based grantmakers have come together as the Interfaith Funders (IF). Besides trying to attract new sources of support for faith-based organizing, IF is trying to expand the impact of faith-based community organizers. IF's first initiative asked for grassroots organizations that are involved in collaborations with other institutions, including academia and labor; working with constituencies beyond congregations; increasing opportunities for organizational leaders to share strategies across organizations, networks and regions; and are working to hire, train and mentor new organizers, particularly people of color. "We want to play a greater role than simply grant making," says Appleman. "We are really interested in pushing the whole model to the next level so that we are working more strategically."

IF hopes that it can find new sources of funding for faith-based organizing. "It is no accident that Interfaith Funders was born at a time when some congregations are becoming more conservative," Appleman says. "We realized that we

RICK REINHARD

Catholic Campaign for Human Development and many of the other Interfaith Funders fund far beyond faith-based organizing, including an array of progressive advocacy organizations.

could pool resources and also start to leverage support from foundations for our initiatives."

Lawson sees the work that IF does as extremely valuable, but also limited. He looks forward to the day it is ready to progress to new frontiers. "It is important that we approach mainstream foundations for support of faith-based organizing, because funders understand that we have an expertise in that field," explains Lawson. "Now that foundations are finally beginning to understand faith-based organizing, I look forward to being able to expand the pie to other social change organizations." CCHD and many of the other funders involved in IF fund far beyond faith-based organizing, including an array of progressive advocacy organizations.

Progressive Christian Philanthropy

Most Christian-based progressive funders differ from progressive public foundations in that they raise money from a finite, and captive audience—the congregants. CCHD is the largest faith-based organization, last year raising $14 million dollars from Catholic congregants for social justice organizations, including faith-based organizers.

The role of the Catholic Church in supporting change is not a recent development. The Catholic Church has been involved in social justice issues since the 19th century, when Pope Leo XIII supported labor organizing and insisted that the church had the responsibility to comment on political and social issues.

CCHD was founded in 1969 as a response to the upheaval that was gripping America. The stated purpose was to support "organized groups of white and minority poor to develop economic strength and political power." It also had a secondary mission to "educate the People of God to a new knowledge of today's problems."

CCHD has seen steady increases in its funding, and Lawson credits the success to five reasons: The donors already are members; religion already is the largest recipient of individual contributions; religious-based organizers have an excellent track record of being able to mobilize constituents; donors know that the grant making staff are deeply committed to service, meaning they will use the money wisely and are not making "United Way-level salaries"; and they know that the money will be given in line with the values of their faith.

Catholics also have the advantage of having a diverse congregation that spans the spectrum from the very wealthy to recent immigrants of very limited means. The challenge, then, is getting wealthy parishes to have a connection with the work that the grantees do. "We need to let potential donors know what we are about so they will give generously," says Lawson. "We have groups come in and speak to the people in the pews, so they hear about the work first-hand.

We also organize retreats that bring grantees and churches together to work on a project. This will usually include a lot of discussion and social analysis. In the end, the group will ask for the congregants to become involved in some way—perhaps by accompanying them to a public hearing, or by helping raise money."

Lawson says it is critical to connect congregants' faith with social justice issues. "It is critically important to translate the deeply held values that are the roots of faith, and to show that these values are represented in community organizing. This involves, for CCHD, really getting the support of the bishops and making sure our message is spoken from the pulpit."

CCHD has been a supporter of environmental organizations, legal aid, Native American rights, public media and other social change organizations. Lawson now sees the need for an economic strategy that extends beyond U.S. borders. "No matter what we say or do, Americans will not be able to solve the maldistribution of resources," he says. "We need to make connections with organizations in the third world, and that is my long-term goal."

Although CCHD support is growing, it has been caught in the crossfire of the culture war. CCHD's policy has always been not to fund programs that go against the Catholic faith, which has prohibited funding of abortion rights or death penalty advocates. However, some progressive organizations that CCHD has funded, such as 9 to 5 Working Women and NCRP, have worked in collaboration with organizations that support abortion rights and other controversial social issues, such as gay rights. This has drawn fire from Christian conservatives—Rescue America pledged to have activists in 19 states pass out leaflets to "expose the faults" of CCHD.

Last year CCHD publicly reaffirmed its commitment to Catholic teachings and changed its name from the Campaign for Human Development to the Catholic Campaign for Human Development, which then raised concerns from progressive organizers (see the Fall 1999 issue of *Responsive Philanthropy*). "We don't dictate policies to any organization that receives our money, and we don't force them to take it either," says Lawson.

CCHD is the only congregation-based fund raiser that has started an individual donor campaign, which happened almost by default. "We just started receiving gifts straight to our national office from people who believed in the work we were doing," explains Lawson. "So we have set up independent funds that are separate from our regular appeal, and this gives us the flexibility to start funding in new ways."

The Presbyterian Church USA, the second-largest church-based funder, has seen today's conservative climate eat into its support base. Presbyterian Church USA raises its contributions through a church-based fund raiser called "One Great Hour of Sharing." Congregants are given the choice to designate their dollars to the charities of their choice or give to the general fund. In the 1960s, the general fund was portioned out according to the priorities of the national office and, at that point, the national office was granting a half-million dollars to community organizing. However, in the 1980s the amount for community organizing was set at 4% of the general fund—around $300,000 in 1998—and very little is designated by congregants to community organizing.

One reason for this change is that Presbyterians are simply not as affected by urban poverty as are many Catholics. "The Presbyterians are, by and large, a White, upper-middle-class church," says Phil Tom, pastor and consultant for the faith-based organizing office of Presbyterian Church USA. "While Catholics have seen their affluence grow, they still have a large, diverse congregant base who stayed in the city. We didn't stay in the city."

This suburbanization of wealth and power also provides a unique challenge for faith-based community organizing. IF has decided that supporting organizations "working at a larger scale than most faith-based community organizations" is a funding priority. The reasons are twofold. The first is economic: without suburban congregants' involvement, it is nearly impossible to attract their financial support. The second concerns the growth of metropolitan areas. "A lot of issues are decided regionally, so they affect suburbs as well as the inner city," says Steve O'Neil, an organizer for the Greater Boston Interfaith Organization. "The need for change may not be as apparent in the suburbs, so that makes organizing more challenging."

With the movement from inner city to suburb, many Presbyterians have become wealthy business owners with a vested interest in the status quo. "Some of our constituency is not interested in social change, especially in their neighborhoods," says Tom. "They are part of the owner-management class and have had confrontations with community organizers. When people get the power they are entitled to, it does rattle cages."

The culture war has also taken its toll on Presbyterian churches, simply by occupying its time. "Much of the political discussion happening within the Presbyterian church is a battle

"It is critically important to translate the deeply held values that are the roots of faith, and to show that these values are represented in community organizing," says Doug Lawson of Catholic Campaign for Human Development.

MEMORANDUM FOR MRS. CLINTON

FROM: Shirley Sagawa and Ellen Lovell

RE: Philanthropy Conference

DATE: October 16, 1999

Here is some background material for you to begin thinking about Friday's conference.

Program
As you requested, the program has been confined to a three-hour period, from 1 pm to 4 pm, with the President participating for the first two hours. We have enclosed a draft script. Here is the rough outline:

1 pm Heroes video (video script and bios of heroes are found in tabs 2 and 3)
HRC remarks
President's remarks
Panel I: Emmett Carson, Peter Hart, Catherine Muther, Steve Case

2 pm Panel II, with comments from pre-designated speakers from the audience
Panel II consists of: Dorothy Johnson (youth expert); Justin Timberlake (from the group NSYNC); Lorraine Cortes-Vazquez (Hispanic Federation of NY); Kevin Fong (Silicon Valley venture capitalist); and Paul Newman
President makes closing remarks and departs
Satellited portion concludes

3 pm Open forum moderated by HRC
4 pm Closing remarks by HRC

Speaker bios (are found in tab 5)

Satellite/Video
We have done very well with satellite coverage – we are now up to 1,556 sites with a potential audience of 10.1 million viewers (satellite breakdowns found in tab 6). The entire conference will be taped and developed into a video by South Carolina Educational Network for distribution to the public.

Invitations
Apparently, we have a very high acceptance rate on invitations. Our most recent list is in tab 7.

Announcements
We have been working with DPC on several policy deliverables. The main one is an interagency council on philanthropy and the nonprofit sector. We will also announce

that the Treasury Department will be hosting a discussion session next month on tax issues. Unfortunately, due to the timing of the conference, we will not be able to announce any major policy initiatives, particularly in the tax area.

Private sector announcements include the AOL Foundation's new philanthropy portal; a new philanthropy badge by the Girl Scouts; and the Gates Foundation's commitment to support a group of youth organizations in their development of a new philanthropy initiative.

Related Conferences
There are two related conferences being held in conjunction with the White House conference. The Commerce Department is hosting a conference on "E-Philanthropy" (philanthropy and the internet) along with the National Charities Information Bureau (the charitable wing of the Better Business Bureau), Greater Good.com, Charitable Way.com, and the AOL Foundation. The conference organizers will probably be able to announce that they will continue to work together, with two additional conferences to be held in Silicon Valley and Seattle, and that they are jointly developing voluntary standards for philanthropic sites on the internet.

The second related conference is a youth roundtable sponsored by the Corporation for National Service. It will be held in the morning of our conference. We would like you to call on representatives from both of these related conferences in the third hour of the conference to give them a chance to report what they accomplished.

Vice President's Participation
We had hoped to involve the Gores in the conference, and contacted their offices early on. Unfortunately, both declined to participate. Mrs. Gore will provide a letter to be included in the conference packet.

Funders
Funders of the conference are the Mott Foundation (they funded the satellite, cybercast, video, and follow-up video); the Getty Foundation; Marcy Polier (a Silicon Valley entrepreneur who is a friend of Jill Iscol); Jill Iscol (her foundation is acting as fiscal agent); and Community Foundations-Silicon Valley. The National Endowment for the Humanities is the federal agency co-sponsor.

WHITE HOUSE CONFERENCE ON PHILANTHROPY: GIFTS TO THE FUTURE
OCTOBER 22, 1999
OPENING VIDEO SCRIPT/DRAFT VERSION 2

NOTE: ALL VIDEO NOTES WILL BE IN [BRACKETS]

[START WITH ANIMATED DEFINITION OF PHILANTHROPY WITH MUSIC – WHITE TEXT OVER BLACK BACKGROUND. FONT STYLE TBD]

Phi-lan-thropy n.

A desire to help mankind, esp. as shown by gifts to charitable or humanitarian institutions; benevolence

[AERIAL VIDEO OF AMERICAN LANDSCAPE FROM SCG VIDEO LIBRARY OVER MUSIC]

VOICEOVER:

IT IS A TRULY AMERICAN TRADITION … THE BELIEF THAT IT TAKES JUST ONE PERSON TO HELP IMPROVE THE LIFE OF ANOTHER.

[ADD A WATER COLOR EFFECT TO AMERICANA PIX]

MANY PEOPLE BELIEVE FOUNDATIONS AND CORPORATIONS DO THE MOST IMPORTANT GIVING … WHEN IN FACT, THE TRUE FACE OF PHILANTHROPY LOOKS A LOT LIKE YOURS AND MINE.

[MONTAGE BUILD OF FACES (LIKE YOURS AND MINE!]

LAST YEAR ALONE, INDIVIDUALS ACCOUNTED FOR EIGHTY- FIVE PER CENT OF THE MONEY DONATED TO CHARITY.

AND THESE ARE NOT JUST AMERICA'S WEALTHY – BUT THEY ARE AMERICA'S RICH. RICH IN THE HERITAGE THAT IS THE BACKBONE OF DEMOCRACY.

[FADE TO BLACK .. UP ON MUSIC OVER BLACK, WE HEAR THE OLD, DUSTY VOICE OF MATEL DAWSON FROM WAYNE UNIVERSITY VIDEO]

"I ENJOY HAPPINESS OUT OF THIS. I CAN GO HOME AND SLEEP NOW."
-Matel Dawson-

[PICTURE FREEZES AND SLOWLY PUSHES BACK ONTO SCRAPBOOK PAGE. ADD PICTURE OF REGINA JENNINGS AND DISSOLVE TO OTHER PIX OF THEM THROUGHOUT]

VOICEOVER:

THEY ARE INDIVIDUALS LIKE MATEL DAWSON, WHO AT 78 STILL DRIVES A FORKLIFT ALMOST EIGHTY HOURS A WEEK BECAUSE HE NEEDS THE MONEY. NEEDS IT, HE SAYS, TO GIVE AWAY. SO FAR HE HAS DONATED MORE THAN A MILLION DOLLARS TO HIGHER EDUCATION.
AND REGINA JENNINGS, WHO EARNED 10-THOUSAND DOLLARS A YEAR AS A LAW SCHOOL CUSTODIAN. AT 75, SHE TOOK 93-THOUSAND DOLLARS WORTH OF SAVINGS AND DONATED IT BACK TO HER FORMER EMPLOYER.

[TRANSITION TO WHITE ON BLACK QUOTE FROM HARRISON STEANS]

"MY DAD TAUGHT ME THAT WHEN YOU PROSPER, YOU GIVE BACK."
-Harrison Steans-

[DISSOLVE TO PICTURE OF STEANS SLOWLY PUSHING BACK INTO SCRAPBOOK. ADD PIX OF STEANS AND LOWE]

THEIR ELEVATED STAURE IN THE COMMUNITY NOT-WITHSTANDING, FOLKS LIKE FORMER BANKER HARRISON STEANS, AND CALIFORNIA DOCTOR, ROLLAND LOWE ARE GIVING BACK WITH LOCAL ORGANIZATIONS COMMITTED TO THEIR COMMUNITIES.
STEAN'S FAMILY-MANAGED FOUNDATION IS IMPROVING LIFE IN A POVERTY-STRICKEN NEIGHBORHOOD OF CHICAGO.
ROLLAND LOWE'S ORGANIZATION HELPS GIVE VOICE TO STRUGGLING ASIAN GROUPS IN SAN FRANCISCO.

[SOUNDBITE OF MATT NONEMACHER FREEZE AND SQUEEZE INTO SCRAPBOOK .. ADD CASTELLANOS]

"MY DREAM TO MAKE THE WORLD A BETTER PLACE IS THAT PEOPLE HELP THE POOR PEOPLE." -Matt Nonemacher-

KIDS LIKE MATTHEW NONEMACHER AND GIL CASTELLANOS ARE ALSO LEARNING AN EARLY AND LASTING LESSON IN PHILANTHROPY … ONE PENNY AND ONE DOLLAR AT A TIME.
NONEMACHER WAS JUST TEN WHEN HE PENNIES TOTALING MORE THAN 18-THOUSAND DOLLARS FOR THE UNITED WAY.
GIL CASTELLANO WAS ALSO TEN WHEN HE AND HIS FRIENDS COLLECTED 40-THOUSAND DOOLARS FOR THE KOSOVAN REFUGEES ... DOLLAR BY DOLLAR, DOOR-TO-DOOR.

[DISSOLVE TO BLACK .. UP ON WHITE ON BLACK QUOTE FROM MARY GRAYSON ..

" SOMETIMES MONEY IS NOT ENOUGH, AND THERE IS A NEED TO INVEST TIME AND EFFORT." -Mary Grayson-
[SQUEEZE MARY GRAYSON INTO SCRAPBOOK .. THEN PAGE TURN TO WILLIAM SHELTON AND PAGE TURN TO MYRIAM BODNER]

STILL OTHERS PROVE THAT PERSONAL EXAMPLE IS A POWERFUL FORCE. MARY GRAYSON, A U.S. POSTAL EMPLOYEE, HAS DONATED MONEY TO THE COMBINED FERERAL CAMPAIGN EVERY WEEK FOR TWENTY-FIVE YEARS, AND VOLUNTEERS HER TIME FOR A HANDFUL OF ORGANIZATIONS ON TOP OF THAT.

[TURN PAGE TO WILLIAM SHELTON III]

WILLIAM SHELTON IS USING HIS OWN INVOLVEMENT IN HIS WASHINGTON D.C. NEIGHBORHOOD TO MOBILIZE OTHERS IN THE COMMUNITY TO HELP THE YOUNG PEOPLE THERE.

[TURN PAGE TO MYRIAM ARGUELLO BODNER]

AND , MYRIAN ARGUELLO BODNER IS A NICARAGUAN IMMIGRANT WHO AFTER SEEING HER HOMELAND RAVAGED BY HURRICANE MITCH, LED NEIGHBORS TO COLLECT A QUARTER OF A MILLION DOLLARS WORTH OF GOODS FOR THE STORM'S VICTIMS.

[TRANSITION TO SOUND BITE FROM ESPERANZA RICH FROM LEAVE A LEGACY TAPE . FREEZE AND SLOWLY DISSOLVE TO SCRAPBOOK PAGE ..]

"WE WERE VERY, VERY POOR … AND NOW I FEEL RICH" -Esperanza Rich-

A MEXICAN IMMIGRANT, ESPERANZA RICH GREW UP SHROUDED IN POVERTY AND DISCRIMINATION UNTIL TWO STRANGERS REACHED OUT TO HELP. ESPERANZA HAS TAKEN HER OWN VOLUNTEERISM A STEP FURTHER. SHE IS LEAVING A LEGACY TO THE FUTURE BY DONATING MONEY IN HER WILL TO CHARITY ... A LIFELINE TO COMING GENERATIONS.

"LEAVING A LEGACY WILL HELP MANY, MANY PEOPLE … FOREVER."

[FADE TO BLACK, UP ON FOLLOWING QUOTE]

"GENEROSITY CONSISTS LESS IN GIVING MUCH THAN IN GIVING AT THE RIGHT MOMENT" -Jean de La Bruyere-