

Donor Priorities

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Terrence M. Scanlon, the head of a conservative public policy institute in Washington, recently made this statement following publication of a study of the giving patterns of the wealthy:

“Francie Ostrower's fears that private charities will be unable to fill gaps resulting from slowing the growth in Federal funding are unfounded.

“When there are needs to be met, real philanthropists will step forward -- in keeping with the American tradition of public-spirited generosity.”

Scanlon cites three examples: Richard King Mellon's gift to keep the National Gallery open for the Vermeer exhibit during the recent government shutdown; gifts to the March of Dimes as the source of the cure for polio; and The New York Times' annual “neediest cases” fund raising campaign.

Scanlon sees philanthropic giving as a market just like other markets: “Shifting greater responsibility for philanthropic decisions to private donors will increase the role of market forces” and charities will become more competitive and efficient, “directly benefiting those who are truly needy.”

This is very reassuring to the welfare budget-cutters but it is patent nonsense.

According to the best annual estimate we have on charitable giving, from a well-known publication called Giving USA, only nine percent goes for human services. Traditional charity gets the most press, but the giving priorities are elsewhere.

Religion comes first, of course: more than 45% of all private giving goes for religious purposes. Although an important share of that flows through churches to help “those who are truly needy,” most of it appears to stay within congregations to support worship and other service to members.

There is an even more revealing report, that prepared on a quarterly basis by a fund raising consultant named Arthur Frantzreb. Frantzreb has kept informal but fairly thorough track of large gifts -- those of a million dollars or more -- since 1966. His most recent quarterly

report covered the fourth quarter of 1995. Frantzeb identified 294 gifts of \$1 million or more in that period.

Not more than a handful that would seem to serve “those who are truly needy.”

Frantzreb has also sorted out gifts of more than \$50 million. There have been 39 of those since 1991 totaling an estimated \$4.575 billion; 32 of those were designated for higher education. Education and health always rank second or third after religion in giving priorities of Americans. Human services, welfare, traditional charity for the homeless and the hungry, never rise higher than fourth, never claim more than ten percent of the philanthropic dollars.

American philanthropy for more than a century has founded and sustained colleges and universities, museums, hospitals, scientific research and development, the performing arts. Private philanthropy stimulated the establishment and growth of public libraries and public parks that then relied on tax revenues for their long-term support.

Help for the most vulnerable -- the classic list of “widows, orphans, strangers, and the poor” from the Bible -- has always had a claim on the state in western civilization. Four hundred years ago the first Queen Elizabeth made assistance to the poor a matter of law. Vestiges of local and state “poor laws” to help the needy in the U.S. still survive. In many places they simply aren't enough, nor is private giving.

In the complex tradition that has developed here, business corporations help the needy through support of United Way agencies. Government programs are often operated under contract by nongovernmental organizations.

A large number of small, under-funded, and understaffed homeless shelters and food kitchens provide a band aid of relief; very few of them have any capacity to change the lives of the people they serve. They rely heavily on volunteers, but relatively few Americans are willing to give several hours a week to that kind of service.

The prevention of poverty through training and education, the prevention of disease through research and technology have greater appeal to the very wealthy. Even the spiritual rescue of the derelict and fallen claims relatively few of the billions of hours of voluntary service contributed each year.

Over the past twenty years a large number of people involved in American philanthropy have developed a strategy that engages all three sectors -- government, the marketplace, and voluntary associations. The voluntary associations give direct and

responsive service that we have learned through experience isn't done well by government agencies. Business corporations make grants to voluntary associations because they enable business to make community contributions more efficiently. Other people do the organizational work and volunteers hold down the costs. The United Way idea has worked for more than a hundred years.

Most people give at the margin, out of income rather than out of assets. The wealthy often give out of assets -- their net worth is diminished -- but “sacrificial giving” is rare. Large gifts are usually less emotional and more rational and strategic. The emotion that may stimulate the initial impulse to give has to pass through the scrutiny of financial advisers seeking the best tax strategy. Many wealthy people seek “leverage” that will help larger numbers of people over longer periods of time. Reading to the blind, taking flowers to people in the hospital, sorting used clothing and other discarded miscellany for the Christmas bazaar -- such things involve large numbers of people but they don't solve the hard problems of catastrophic illness, poverty, violence, and abandonment. That's why small scale, short-term efforts to ease misery and suffering have to be accompanied by more strategic and long-term investment in prevention and problem-solving. Large sources, like foundations and government agencies, seem to be better at the long-term than individuals.

The work to be done requires the resources of all three sectors working together. That is why the American philanthropic tradition has worked so well for so long. Dumping the responsibility of welfare on a fragile and inadequate voluntary charitable tradition is a betrayal of that tradition, nothing less.