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helping people make a difference

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Press Release

For Immediate Release

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AOL FOUNDATION LAUNCHES HELPING.ORG TO MAKE PHILANTHROPY EASY AND CONVENIENT

**Revolutionary Site Creates "One Stop Helping,"
With Capability to Donate to Over 620,000 Charities and Sign Up for More Than
20,000 Volunteer Opportunities**

**Site Takes No Fees from Consumers or Charities;
Protects Donors' Privacy and Security**

Also Offers Comprehensive Assistance to Charities Getting Online

Dulles, VA, October 20, 1999 ~~The AOL Foundation today launched Helping.org, a revolutionary e-philanthropy portal that provides Americans who want to lend a helping hand with the fastest, safest, easiest, and most cost-effective way to donate money or volunteer time to the charity of their choice.~~

For people who want to help out during a natural disaster, mark an important occasion through giving, or simply make a difference in their own community, ~~Helping.org is the best place to start.~~ The most comprehensive philanthropy portal in cyberspace, Helping.org connects users to over 620,000 charities and more than 20,000 volunteer activities, and is also the only major giving site that is completely nonprofit -- receiving nothing from either donors or charities for the donations that are made through it.

Formed in partnership with the nation's leading philanthropic organizations, Helping.org contains valuable and easy-to-access information from America's Promise, the American Red Cross, the Benton Foundation, Philanthropic Research, Inc. (GuideStar®), ImpactOnline (Volunteer Match), Independent Sector, the National Urban League, and UniTEQ (PipeVine), as well as programming links to dozens of additional nonprofits and data on every charity registered with the IRS. It will be available to anyone on the World Wide Web, as well as being featured across AOL's family of brands.

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The site will provide an important new resource for the more than two-thirds of American households that already make charitable contributions (totaling \$135 billion in 1998), as well as for those new to philanthropy. So far, according to Independent Sector, a national coalition of leading charities and foundations, less than one percent of charitable givers donate over the Web. However, the soon-to-be released AOL/Roper-Starch Cyberstudy shows that fully 30 percent of online users are interested in using the Internet to make charitable donations. Enthusiasm for online giving is particularly strong among young adults, who could represent an important new source of support for charitable organizations.

In addition, there is strong demand for volunteer opportunities. According to a recent study by Independent Sector, 109 million Americans volunteer every year, representing the equivalent of over 9 million full-time employees at a value of \$255 billion. In addition to making it easier than ever for people to find volunteer opportunities, Helping.org, in partnership with ImpactOnline's VolunteerMatch, represents a potentially huge cost saving for charities, since it costs approximately \$25 to recruit a single volunteer using conventional recruitment strategies versus almost nothing through online volunteer matching.

~~To help bring charity online and stimulate additional giving and volunteering,~~
Helping.org provides a "one-stop helping" environment where users can make a difference, whether they wish to donate money, volunteer in their communities, participate in disaster relief, apply for jobs with charities, learn about a cause, or even establish their own charitable organization. The valuable resources it puts at users' fingertips include:

- *GuideStar®*, the world's largest and most reliable database of charitable organizations, with easy-to-access detailed information on the more than 620,000 public charitable organizations registered with the IRS.
- *VolunteerMatch*, a state-of-the-art service from ImpactOnline, which helps consumers locate the right volunteer opportunity for them - from a database of more than 20,000 options.
- *Detailed and constantly updated information from the American Red Cross on natural and humanitarian disasters* around the globe and what people can do to help.
- *A one-click, fast, secure, and private way to donate* to most public IRS-recognized tax-deductible causes through a "Donate Now" button.
- *A special focus on youth services*, providing best practices and resources for offering the five promises to youth articulated by America's Promise.
- *Links to dozens of other opportunities to do good*, from e-commerce sites where charitable causes receive a percentage of revenues to sites listing international humanitarian support needs.

-more-

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- *The most up-to-date and best features and news sources on events and activities in the changing world of philanthropy.*

Helping.org is fully supported by funding from the AOL Foundation, so it operates on a completely nonprofit basis, without receiving any percentage of contributions to pay for operating costs.

AOL Chairman and CEO Steve Case said, "Helping.org uses the power and reach of the Internet to make it easier and more convenient than ever for people to help the causes they care about. Consumers can make contributions online with the assurance that the money is going where they intend, and that their privacy and the security of their credit card information are protected. Charities will benefit not only from the ability to raise funds and recruit volunteers more efficiently, but also from the host of additional online resources Helping.org provides for them to expand their communities, fulfill their missions and publicize their needs and good works online."

Beyond its role as a service for donors and those interested in volunteering, Helping.org will serve as an online community center for the philanthropic world, providing tools to help charities make the most of the online medium, and a forum to share information, research grant opportunities and share best practices with one another. It also includes a clearinghouse for information on the Digital Divide, pulling together programs and resources on how technology can be used to narrow, rather than widen, the gap between those who have access to technology and those that do not.

AOL Foundation Chairman Jim Kimsey said, "In the modern world, the shortest distance between two points today is the Internet, and starting today the shortest distance between charities who need help and those who want to give it runs through Helping.org. The AOL Foundation built Helping.org because we are committed to turning e-philanthropy from a curiosity into a vital segment of charitable activity. Thanks to the incredible resources of our nonprofit partners, we've created a site that is going to play a big part in doing just that."

Helping.org -- Helping People Make a Difference

Helping.org's goal is to help make volunteerism, service and charity central to the online experience and as easy and convenient as e-commerce has become, transforming the way in which people contribute to society and encouraging those who do not currently participate in charity to begin giving and volunteering.

- *VolunteerMatch* - By using ImpactOnline's VolunteerMatch, Helping.org delivers information on how consumers can help in their communities. Whether it's building a house for Habitat for Humanity, organizing an arts-and-crafts fair for inner city children, or participating in an AIDS walk-a-thon, volunteers can find the opportunity that fits their interests and schedule. To use the service, consumers simply need to

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enter their zip code, the time they're available and their specific interests – such as kids, helping the environment, the elderly – and a list of appropriate volunteer opportunities is presented. Nonprofits and public sector organizations can go into the "Post" area to register their volunteer opportunities. The VolunteerMatch database offers more than 20,000 volunteer opportunities from approximately 6,000 national, regional and local organizations and is completely free to volunteers and nonprofits.

- *Easy, Secure Online Giving* - Helping.org also provides a fast, easy and secure way to contribute financial support. Starting with access to important resources like the Council of Better Business Bureaus and the National Charities Information Bureau, and tapping into the GuideStar® database of more than 620,000 public charities, users can make informed decisions about where to put their charity dollars to best use. The database can be searched according to areas of interest, location, and the size of charitable organizations. Using the unique PipeVine system to streamline donation processing and administration, and its experience with online payroll deductions, Helping.org promotes full privacy protection on all transactions, and lists of contributors and volunteers will not be shared with or sold to anyone. Donors will receive comprehensive receipts to make tax deductions easier.
- *Completely Nonprofit* - Helping.org is completely free to donors and to charities. Donors' gifts are forwarded to the charity of choice (minus the standard fees deducted by credit card companies on all card charges, typically less than 2 percent), and charities make no payments to the site. Helping.org doesn't take any money from donors or charities to administer the transactions or to maintain the site because it is supported by the AOL Foundation.
- *Information and Inspiration* - America's Promise, the American Red Cross and Independent Sector provide prominently featured news, stories, tips and ideas on how to volunteer and contribute strategically and how to get more involved in service to the community. Additionally, daily news tickers on global disasters, personal stories about the experience of giving, reports on upcoming charity events, auctions, fundraisers, and more will help users find plenty of opportunities to make a difference.

Helping.org - Helping Charities Harness the Power of the Internet

Helping.org will contain an area just for nonprofits and charities to help them integrate the power of the Internet into their strategies and operations, helping them to be more responsive and customer oriented in the Information Age and to build vigorous, successful online communities. It will also link them to online tools enabling them to more efficiently organize, recruit, fundraise and publicize their mission and successes.

This area is being designed by a working group of more than twenty of the nation's leading nonprofit technology assistance organizations, a collaboration that is being facilitated by the Benton Foundation, which also programs and maintains the area.

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The area includes a comprehensive array of easy-to-access tools, resources, information and links to other online clearinghouses to help nonprofit organizations take full advantage of the potential of the Internet, including in-depth information on: *How to get online; Making the most of e.mail; Fundraising on the Internet; Online organizing & advocacy; Planning & creating a Web site; Targeting your audience; Finding computer help; Technology grants & in-kind contributions*; and, *"In the field"*, which provides examples, case studies and other information about how technology is shaping the way nonprofits accomplish their mission.

The Nonprofit Resources area also points to collections of general information useful to nonprofits, such as clearinghouses of nonprofit jobs that provide comprehensive resources for career development and nationwide job listings, nonprofit news from leading philanthropy-related publications, as well as Web sites with information relevant to the nonprofit sector generally, such as advice on nonprofit management and other resources.

Finally, Helping.org provides nonprofits the free opportunity to update their information and include their Internet Web Sites in powerful search engines - Philanthropic Research Incorporated's GuideStar® and ImpactOnline's VolunteerMatch - where users go to find the charitable organizations that best fit their needs, a capability that's particularly important to smaller charities which all too often go unnoticed.

Helping.org - Helping to Bridge the Digital Divide

Helping.org houses the National Digital Divide Clearinghouse -- a set of resources that brings together in one location comprehensive information about efforts to provide under-served communities with access to technology, and provides tools for information sharing and community building among those working to bridge the Digital Divide.

The Benton Foundation, in partnership with the National Urban League, has developed the content for the National Digital Divide Clearinghouse, which strives to reflect the many facets of the issue, including points of view from rural America, minority research institutes, and the disability community.

Areas in the Clearinghouse include *Research & Data*, intriguing and up-to-date studies and reports from academics, policy think tanks and leading thinkers; *In the Field*, rotating vignettes of innovative and exciting Digital Divide projects underway across the country; *In the News*, pertinent and timely news summaries of Digital Divide headlines, as well as in-depth original reporting on breaking issues related to the Digital Divide; *Grants & Funding*, a continuously updated list of grants, funding opportunities and non-monetary resources available to communities seeking technological assistance; and, *Finding a Digital Divide Effort Near You*, an interactive map-based directory of local centers and resources that can help individuals contribute to Digital Divide efforts in their community.

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The AOL Foundation, founded by America Online in 1997, supports programs that spark innovative uses of the interactive medium to benefit society. Other Foundation initiatives include the AOL Rural Telecommunication Awards, the Digital Divide Grant Initiative, the Innovative Education Initiative, the AOL Employee Civic Involvement Initiative, and a pilot school-business partnership in Washington, D.C. called AOL Achievers. For more information on the AOL Foundation, visit www.aolfoundation.org on America Online, use keyword: AOL FOUNDATION.

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"What great crises teach all men whom the example and counsel of the brave inspire is the lesson: Fear not, view all the tasks of life as sacred, have faith in the triumph of the ideal, give daily all that you have to give, be loyal and rejoice whenever you find yourselves part of a great ideal enterprise. You, at this moment, have the honor to belong to a generation whose lips are touched by fire. You live in a land that now enjoys the blessings of peace. But let nothing human be wholly alien to you. The human race now passes through one of its great crises. New ideas, new issues -- a new call for men to carry on the work of righteousness, of charity, of courage, of patience, and of loyalty. . . . However memory bring back this moment to your minds, let it be able to say to you: That was a great moment. It was the beginning of a new era. . . . This world in its crisis called for volunteers, for men of faith in life, of patience in service, of charity and of insight. I responded to the call however I could. I volunteered to give myself to my Master -- the cause of humane and brave living. I studied, I loved, I labored, unsparingly and hopefully, to be worthy of my generation."

Jell Good piece to work w/ here.
Joa

The Presidential Papers of Franklin D. Roosevelt, 1936, Item 82 Acceptance Speech for the Renomination for the Presidency, Philadelphia, Pa. June 27

Faith-- in the soundness of democracy in the midst of dictatorships.

Hope--renewed because we know so well the progress we have made.

Charity-- in the true spirit of that grand old word. For charity literally translated from the original means love, the love that understands, that does not merely share the wealth of the giver, but in true sympathy and wisdom helps men to help themselves.

The Presidential Papers of Franklin D. Roosevelt, 1940, Item 112 Radio Address for the Mobilization for Human Needs, October 13

It is necessary for us to remember the very intimate and human side of these problems. Only in a limited measure can flexibility of administration temper the impersonal quality of general rules of law. Private charity is essential to personalize and humanize the task of relieving suffering. For general rules cannot cover the wide range of ever-varying human needs, because human needs are affected by a thousand matters which do not fit into pigeon-holes.

ok

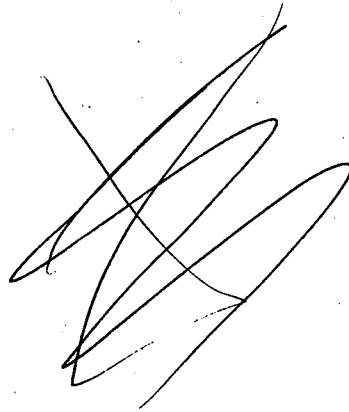
The Presidential Papers of Franklin D. Roosevelt, 1941, Item 104 Radio Address on Community Mobilization for Human Needs: October 3

It would be a calamity for the Nation and for its future if private charity did not exist and grow. That is why I am asking each and every person in every town and village and on every farm to contribute something, large or small, toward this great and proven service. You will be helping to build a stronger and a better America. When I have said that, I have said all that is necessary for it is a spiritual as well as a practical appeal to the better natures of my fellow citizens.

Goal but
war-oriented.

The Public Papers of the Presidents, Harry S. Truman 1946, Pg. 439, Item 225, October 1

The word "charity" has regained its old, true meaning--that of good will toward one's fellowman; of brotherhood, of mutual help, of love. Our Community Chest contributions will go to the needy only in the sense that we are all "needy" at some time, in some way. Children need the shelter of home and loving care; boys and girls need healthful outlets for young energies; old age needs comfort and kindness. Everyone may at some time need Red Feather services. Their presence in your community means that your needs and those of your neighbors will be met.

A handwritten signature, likely of Harry S. Truman, consisting of several overlapping loops and a long horizontal stroke.

The Public Papers of the Presidents, Harry S. Truman 1951, Pg. 549, Item 241, September 28

If we are to respond to our religious heritage, we must be guided by the principle of charity--charity in the biblical sense of love for one's fellow man. This is the greatest virtue, without which other virtues are of little worth.

Good

The Public Papers of the Presidents, Harry S. Truman 1947, Pg. 530, Item 240, December 24

"And now abideth faith, hope, charity, these three; but the greatest of these is charity."

The Public Papers of the Presidents, Lyndon B. Johnson 1968, Pg. 1043, Item 540, October 16

I would only leave you--both the candidates and the citizens--with one thought. The cause of those deprived and discriminated against is not a cause that can be abandoned or exploited or maligned by any man or party. Their cause and their problems cannot be kicked under a rug or run over by a car. Not if you want America to survive. Not if you want American democracy to remain alive and to remain meaningful.

The Public Papers of the Presidents, Lyndon B. Johnson 1968, Pg. 1043, Item 540, October 16

Yes, there can be and there is legitimate difference about the tactics used to help the poor among us. But one tactic can never be acceptable: that the problem be pasted over by those in either public or private positions of great influence and responsibility; that resources and answers be left only to a few dedicated Americans, to charity, to the kind of people who are gathered here tonight because, I am proud to say, you care about America, and you demonstrate it by your presence.

The Public Papers of the Presidents, Lyndon B. Johnson 1968, Pg. 1043, Item 540, October 16

The goals of private philanthropy can only be reached by broad-based public concern all across America.

The Public Papers of the Presidents, Lyndon B. Johnson 1968, Pg. 1043, Item 540, October 16

I am glad to believe that Americans care tonight. And all of us must continue to care. And whichever of you gentlemen is elected, I know and I believe and I hope and I pray that you will see to that commitment.

Thank you and God bless you all.

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INDEPENDENT
SECTOR

Giving and Volunteering in the United States

Findings from a National Survey

1999 Edition

Executive
Summary

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From the issue dated October 21, 1999

Philanthropy makes 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."

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 charitable giving 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."

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.giftstothe future.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."~~

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.

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. "This has nothing to do with her political aspirations," 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.

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."~~

~~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."

To comment on this item, send a message to comment@philanthropy.com

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From the issue dated October 21, 1999

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 donors.

During the Great Depression, giving to Central Union rose. "People had a 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 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?"

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, household income high, and a savings rate of only 0.5 per cent, Americans gave even less of their treasure to charity than in 1968: only 1.9 per cent of pre-tax income.

New data from 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."

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."

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 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."

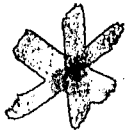
Mr. Reynolds's comment points up the starkly drawn battle line over taxes and philanthropy. Those lines are no more clear than in the debate over whether to eliminate the so-called death tax on the estates of the wealthy.

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.



~~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 sleeping 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.

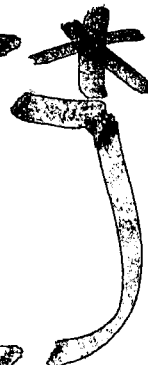
One way might be to allow donors to take a double deduction for gifts to charities that certify they will use the contributions exclusively to help the poor.

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."

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."

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U.S. News & WORLD REPORT

Angels Next Door

How a new breed
of philanthropist is
giving away huge
sums and changing
the nature of
charitable works





Cover Story



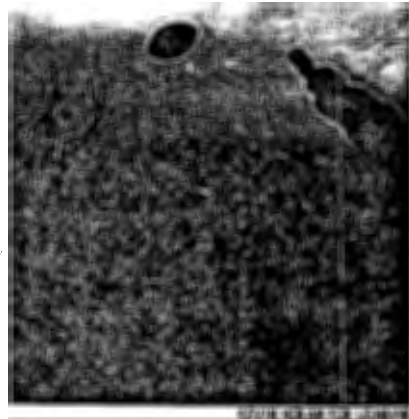
The philanthropist next door

Average Americans, not the super-rich, are the real givers

Find out what you can do to help -- check out our online charity guide

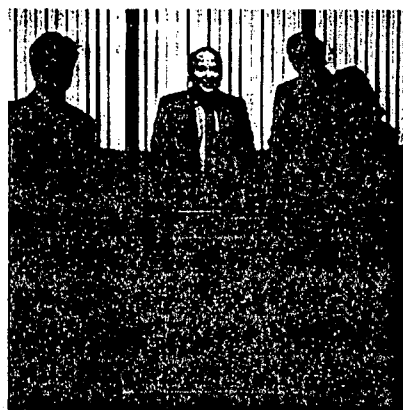
BY THOM GEIER

James Chatman considers himself an unlikely successor to the philanthropic legacy of Andrew Carnegie or John D. Rockefeller. "I never had such a dream," says the 71-year-old retired business consultant from Alexandria, Va. "I was just a poor farm boy."



Chatman grew up fatherless in tiny Atkins, Ark., where his Uncle Sy promised that he would have time for games "only when lay-by comes." A period for leisure never seemed to arrive. So Chatman set himself to work--first in the fields, then peddling newspapers after he moved as a child to Little Rock, and later working as a bellman at hotels in the segregated South. He worked his way through St. Louis University, earning a degree in economics, served 24 years in the U.S. Air Force, and then applied his skills as a supply-services staff officer to founding Technology Applications Inc., a consulting firm for government agencies. By 1993, when he sold it, the firm was posting revenues of \$40 million a year.

Chatman realized that he had more money than he or his four children really needed. So he established a \$400,000 fund at the Northern Virginia Community Foundation to create a Grandfathers Group to mentor black boys. "My wife and I really hate the idea of black people seeing ourselves as takers and receivers, and not seeing ourselves also as givers," he says.



KEVIN HOKAN FOR USNEWS

As the Chatmans prove, philanthropy isn't just for Gettys anymore. The real face of charity in America today can be found in ordinary people who have benefited from the booming economy and now plan to share a portion of their good fortune with others. Call them the philanthropists

next door.

They come in many different types. Some are latter-day Horatio Alger heroes who have grown sizable nest eggs through hard work, shrewd investments, and frugal living. Some have cashed in big in the tech-driven stock market of the past decade. And some are unlikely philanthropists such as Oseola McCarty, the Hattiesburg (Miss.) washerwoman who scrimped for years before donating her life savings of \$150,000 to a scholarship fund at the University of Southern Mississippi. "When I started out, the typical donor was wealthy, white, male, and dead," says Lynne Woodman of the Cleveland Foundation. "We are seeing many more living donors from all walks of life."

Community foundations like Cleveland's are the fastest-growing element of philanthropy in America today. Nationwide, the 500 or so community foundations had assets totaling \$17.1 billion in 1996, a 28.6 percent increase over the previous year. For those plunging into philanthropy for the first time, allying with community foundations offers distinct advantages. Many require as little as \$10,000 to set up a named fund that can target a specific project. And foundation staffs often have knowledge of local agencies and the ability to negotiate many of the legal and bureaucratic tangles required in maintaining charitable trusts.

Other philanthropists are exploring private family foundations. The New York-based Foundation Center reports that there are 35,600 independent grant-making foundations (including most family funds but not corporate or community foundations), a 42 percent increase since 1987.

Every drop counts: Last year, Americans donated \$130 billion to charitable causes, up 9.5 percent in two years; the majority of donations went to religious institutions. The

media played up Ted Turner's \$1 billion gift to the United Nations and financier George Soros's donations of millions of dollars to Russia and Eastern Europe. But according to one recent study, ~~more than half of all charitable giving comes from Americans earning less than \$50,000 a year.~~ ~~And small donors make a difference.~~ "I couldn't do anything like Ted Turner, but every drop in the bucket will make the bucket overflow," says paraplegic Barbara Decker of suburban Cleveland, who used a large malpractice settlement to set up a trust to benefit children's charities.

~~Researchers see potential for an even more explosive growth in charitable giving thanks to the estates of older Americans who lived through a half century of record prosperity.~~ A 1993 study by two Cornell University economists estimated that Americans over the age of 60 are sitting on a pot of wealth totaling \$10 trillion--more than enough to put every American under the age of 21 through Harvard for four years. And while taxes and children will claim a significant portion of that money as that generation passes on (the federal government now taxes estates over \$600,000 at rates up to 55 percent), charities are hoping for a big windfall. ~~"We're at the front edge of a huge generational transfer of wealth,"~~ says Fern Portnoy, a Denver-based adviser on philanthropic giving.

Many Americans have been taken by surprise by the amount of wealth they have accumulated. Chatman admits that at first, his success in business made him uneasy: "I always felt that if you made a profit that you were somehow stealing from somebody." Chatman began to reflect on the purpose of accumulating money. "How do you justify making all this profit?" he asked. The answer, Chatman found, was to spend the money forging the kind of relationship he had with his Uncle Sy.



~~Many of the new philanthropists apply the same business principles to giving away their money that they did to earning it.~~ For a generation of business people who have become juiced on the deal, the challenge is how you translate that excitement into philanthropy," says Portnoy. A good example is John Abele, age 60, who spent the last 20 years helping build Boston Scientific Inc. into a giant in medical technology, with annual sales of \$2 billion. Now he splits his time about evenly between company business and philanthropy.

Raised in suburban Boston at the tail end of the Depression, Abele lost his father in World War II and spent much of his early childhood in and out of the hospital with osteomyelitis, a bone disease. "They tried an experimental

drug on me that didn't work. A few years later, they tried it again and it did work. The experimental drug was penicillin." Abele never forgot the experience. After studying physics and philosophy in college, he got into the medical-device business and cofounded Boston Scientific, a company that specializes in developing less invasive medical procedures.

The frontiers of charitable work offer similar challenges and rewards. Abele has established his own family foundation, with a \$9 million endowment, and is involving his three grown children in the grant-making process. Often his support goes to educational programs like the *Concord Review*, a 10-year-old quarterly journal that publishes high school essays on history in hopes of elevating the status of the subject and rewarding students for academic achievements. Buoyed by his own experience, Abele now finds himself encouraging other business people to take the plunge into philanthropy. "It shouldn't be a guilt trip," he says.

Philanthropic projects are not as hard to nurture as they might seem, Abele says. "If you're going to produce sustainable social value, you have to use the same tools you would apply to any business project, setting benchmarks and then following through," he says. At first, he admits, he erred by straying from a strict business model. For example, some charities spend too little on management. "I had always felt that it was important to aim money at the final recipient," he says, "but programs that cut too short on their leadership have no staying power."

Catherine Muther, a 50-year-old from San Francisco who made her money in Silicon Valley, agrees with the strategic approach to philanthropy. And like many of the younger breed of donors, she seeks out causes that have traditionally been given short shrift in the charitable world. For some, that means environmental or gay rights issues. Muther focuses her charity on improving the lives of women in education and the workplace.

~~With her business background, Muther takes an active interest in targeting her resources~~ through her own foundation and through restricted gifts to institutions. "It's trying to understand some structural problem in society--like women's access to capital or young girls' self-esteem--and then figuring out where some resources could be deployed that might influence change," she explains.

The focus of Muther's philanthropy--young women--is no

mystery. The granddaughter of a suffragette, she grew up with her three brothers in Newton, Mass., where she became the first girl in town to deliver newspapers. "The idea of being financially independent was a central value in our family," she remembers. "And it wasn't about accumulating money but learning how to support yourself."

Muther carried that notion with her to Sarah Lawrence College and Cambridge University in England. She had wanted to become a Rhodes Scholar, but the program did not accept women at the time. However, Muther took advantage of the newfound acceptance of women into major business schools. Armed with an M.B.A. from Stanford, Muther headed to Silicon Valley in 1984 and eventually became a senior marketing officer at Cisco Systems, the fast-growing computer networking company.

After retiring in 1994 at age 46, Muther set aside \$3 million in profits from Cisco's stock to establish the Three Guineas Fund. The foundation, named for a favorite book by Virginia Woolf, is launching an "incubator" program to assist female entrepreneurs in launching businesses in information technology. She has also funded a fellowship for a female doctoral student to study entrepreneurship at Stanford Business School.

Like Abele, Muther hopes to forge giving patterns for her progeny. While she has set up trusts for her two young children, Muther and her husband have stopped making large cash gifts to them. "It's our belief that one can burden one's children with wealth," she says.

In many respects, the new philanthropists hark back to an earlier age. Nearly a century ago in his book *The Gospel of Wealth*, Andrew Carnegie issued a challenge to fellow moneybags to disburse substantial portions of their income during their lifetimes. He even supported levying estate taxes so that the state could better express "condemnation of the selfish millionaire's unworthy life."

Many argue that the philanthropic spirit Carnegie articulated needs to be reawakened. Studies suggest that

Americans on average give just under 2 percent of their annual income to charity—a figure that tops other nations but that has not budged despite record economic growth (and decades of tax benefits from giving). Moreover, Carnegie's message has yet to spread widely among the swelling class of ultrarich. Eight of 10 Americans who earn at least \$1 million a year leave nothing to charity in their wills, often making Uncle Sam the charity of choice by default. "The vast majority of the very rich show, if



anything, less of a philosophical inclination to give than their predecessors," says Peter Dobkin Hall of the Yale Program on Nonprofit Organizations.

Millionaires now account for 3.5 percent of U.S. households, but it doesn't take substantial means to become a major donor. Helen Sandfort, a retired schoolteacher living in a retirement home in Columbus, Ohio, set up a fund at the Columbus Foundation in 1981 to support arts education in the public schools. "Young people simply do not know what to do with their time," says Sandfort, who served as director of fine and performing arts in the city schools for 25 years. "The arts encourage people to be creative and resourceful, to help them find something really rewarding in life."

Though she retired in 1974, the 87-year-old still contributes each year to the fund, which is now worth \$85,000, and plans to leave a quarter of her estate to the foundation as well. "I have enough to take care of myself, but I have enough to share, too," says Sandfort, who has no children. "The reason I'm so rich is because I didn't have time to spend my money." Another reason Sandfort's life is so rich might be that she's spent so much of her money on others.

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philanthropy

THE WHITE HOUSE

WASHINGTON

- The trad. (letting) - not only \$ but tools
- This moment. (prosperity, stats, but...)
- The challenge (in this time of prosperity)
 - invite/encourage new groups/kinds
 - V/C % has been stagnant
 - new ways in new "dem" to express values through giving
- Changing face of phil. - not just Rockefellers + Carnegies but...
 - younger
 - more diverse
- Changing nature of phil.
 - "venture phil."
 - high tech, retiring early