



YMCA

We build strong kids,
strong families, strong communities.

April 4, 2000

Ms. Shirley Sagawa
Deputy Chief of Staff to the First Lady
Deputy Assistant to the President
Office of the First Lady
Room 100
Old Executive Office Building
Washington, DC 20501

Dear Shirley:

Thank you very much for meeting with Eden and I last week to discuss how the YMCA might be of assistance to you on the White House teen conference. We are eager to work with you on the national poll, conference video, and are happy to serve as the fiscal agent. We are currently working out the legal language that will meet the needs of our Chief Operating Officer and Legal Counsel. It shouldn't be too difficult. In the meantime, please feel free to continue to rely on us a resource.

It was marvelous to finally meet you – Eden has spoken so highly of you. Thank you again for your time, and we look forward to working with you, Shirley.

Sincerely,

Kenneth L. Gladish, Ph.D
National Executive Director

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YMCA mission: To put Christian principles into practice through programs that build healthy spirit, mind, and body for all.

Issue Inventory

What?

- What does the sponsor want?
- What is the real purpose?
- What would the challenge look like?
- What is expected to be solidified for an announcement?
- What is the target (that we expect to raise)?

Who?

- Who are we trying to reach through the challenge?
- Who is the decision-maker at Gates?
- Who will be involved in planning/approving the challenge?
- What other players might need to be involved in creating the vision, testing the concept, or making it happen?

When?

- When would Gates Foundation want to announce the challenge?
- When would they like to kick-it off?
- Does it have to be limited to a one-year initiative?

How?

- What will the structure be?
- What strategies should be linked/coupled with the objectives?
- What models exist with similar campaigns that we can emulate?
- What amount of \$ will be spent in employing the strategies to reach the targets?
- What kind of resources, e.g. training, will be provided to help youth be successful?

Where?

- Where will the structure be housed?
- Where does the target population live?

Why?

- Why would any youth want to do this?
- Why is Gates doing this?
- Why are we doing this?

Youth Challenge 2000
AGENDA

10/15/99

- I. Introduction (Shirley Sagawa)
 - Why are we here today?
- II. Desired Outcomes (Gretchen Van der Veer)
- III. Proposed Process (Gretchen Van der Veer)
- IV. Set-up for Success (Gretchen Van der Veer)
- V. Presentation of Pre-work
 - Mission/Vision (Charlie Rose)
 - Issue Inventory (Karen Hallerman)
- VI. Additional Issues/questions to add to the list (All)
- VII. Mission/Vision (What, Why)
- VIII. Players and Participants (Who)
- IX. Timing (When)
- X. Strategies (How, Where)
- XI. Reflection (Why)

IDEAS/ISSUES - YOUTH CHALLENGE 2000

My biggest concern is that this initiative will not be catalytic at all, but will turn off youth to the idea of philanthropic involvement and fundraising. To make it catalytic, I think we are talking about a multi-million dollar initiative with administrative capacity, extensive training, setting up youth boards in each state, and a longer time frame than one year. If this is not possible, perhaps we should support a proposal to limit the number of states or choose a particular region as a model. Below are some issues related to this concern and overall questions for us to address.

Will young people *want* to be a part of a large and long fundraising campaign? Let's not make this another way adults *use* youth to carry out tasks adults think youth want to do.

How will young people help design this so that the fundraising aspect of the initiative becomes a vehicle for them to make a difference for the programs/areas in which they believe?

We are not creating a generation of philanthropists and encouraging an ethic of philanthropy by sending out youth to do fundraising. What skill-building, personal mission exploring, and other components need to be a part of the process to create personal and communal change? Otherwise, this will not be a catalytic event, rather a large competitive initiative that may turn many youth off to philanthropic involvement. Suggestions for skill and capacity-building training in communities: youth-adult partnerships, youth on boards, fundraising 101, giving, service-learning. What is the cost involved in training in all states?

What definition of philanthropy is being used? The various groups involved are operating under different definitions (i.e., service, citizenship, or giving). Everyone knows about service. How does this become about philanthropy - voluntary service, voluntary financial giving, voluntary association, voluntary activism? Can and should the initiative raise awareness about each of the areas - awareness of what philanthropy is and what (other than fundraising) youth can do?

The nonprofit sector is not the business sector. Is competition between states a healthy message to send to our young people? Is it good for them, for the organizations/causes they will be supporting, or for the nonprofit world?

If youth are to be changed by this experience, they must be asked to give before they go out and do fundraising. This is the first rule of fundraising. What training/resources will be made available to the youth and adult leaders to instill this important and uncommon message?

If youth are to be involved, which youth and what will their role be? There needs to be strong guidance and a clear role for youth. Determine first: What is the purpose of this meeting, who assists in meeting that purpose? Our recommendation is that if youth are involved it is the exceptional and older teen leader who is making true change in the world and who is accustomed to working with adults.

Can this group come up with a common way to report their philanthropic activities to a place - use reporting structure, common language. It will be easier to share the stories of success and help media access these stories and make them public.

What will help the work in future? Would a published compendium of programs across America that involve youth in philanthropy be useful?

Nuts and bolts issues:

What will youth be raising funds for? And how? Current programs (e.g., Boy Scouts annual campaign, Youth as Resources grantmaking programs, or general categories with designated organizations to receive funds)? Will product sales (i.e., Girl Scout cookie sales, wrapping paper sales) count?

What if a large donor or foundation is located in particular states and make a significant contribution? Will this be allowed to count as if the contributions came from numerous individuals? Perhaps a way

to deal with this is to say that a cap of 10% of total funds can come from individuals and foundations. For the wealthiest individuals and foundations, this won't be an issue if they will be targets for providing matching funds. But, most states have a good pool of donors that make \$10,000 contributions to causes.

Will adults also be involved in fundraising?

How will the raised funds be calculated? What structure/organization has the capacity to keep track of this?

How many national or state-by-state staff will be needed to administer the initiative? Who will do this? It seems that the only logical choices are the state service commissions (affiliated with the Corporation) or the United Ways.

If the raised funds and/or the matching funds are to be held by one institution - how will this not tip them from their 501-C3 status?

How will young people stay energized about their raised funds making a difference if the money is to go into a pot to be decided upon later?

SYNOPSIS OF OCTOBER 8 MEETING WITH THE GATES FOUNDATION

The Gates Foundation will consider only a proposal that supports initiatives that are "catalytic" in nature.

The Gates Foundation representative and planning group are focused on putting together a proposal to be decided upon before the October 22 White House Conference on Philanthropy. A broad picture of the proposal follows. Details will need to be worked out by the planning group.

- **All states will participate in a competition to raise funds for philanthropic causes and/or organizations.**
- **Youth will be doing the fund raising.**
- **The campaign will go on for one year.**
- **Matching funds for the amount raised will be sought from local community and private foundations. Those matching funds will probably be held by the United Way to be allocated by youth boards at a later time.**
- **The Gates Foundation will double or triple the funds raised by the most successful state.**
- **This initiative will be tied, in some way, to the Corporation for National Service's Youth Summit in June 2000.**

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K-12 Education in Philanthropy Project

Fax

To: Shirley Sagawa

From: Kathy Agard

Fax: 202-456-6244

Pages: 13 (including cover)

Phone:

Date: 10/13/99

Re: William Gates Foundation Proposal

CC:

☒ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

• **Comments:** The following proposal is the draft you have discussed Joel Orosz of the W.K. Kellogg Foundation. Please give me a call at 231-767-7205 if we can be of further assistance.

Sincerely,



Kathy Agard

**Gates Millenium Giving and Serving Youth Challenge
Proposal for Discussion**

The William and Melinda Gates Foundation has the opportunity and the capacity to profoundly support and expand the philanthropic tradition in America. At the victory celebration in 2005, the Gates Foundation would achieve:

- Outcomes:**
- Over 2 million young people trained in fund-raising, grantmaking, and community leadership
 - One billion dollars endowed in perpetuity in local communities and states to support youth programs forever
 - Twelve thousand school districts, in every state, teaching philanthropy and using service-learning teaching methods as permanent components of the core school curriculum
 - Six million American children learning about giving and serving each year (twenty-four million during the four active years of the challenge)
 - New and synergistic relationships between currently diverse programs which are trying to impart the philanthropic tradition to the next generation
 - An energized and organized national movement of young people with the skills and resources to make positive change in society
 - The structured transmission of America's priceless tradition of giving and serving assured for the new century.
- What:** Challenge grant to involve youth (under age 21) in giving, serving, and private citizen action intended for the common good (philanthropy)
- Empower youth to give and serve
 - Build skills in private citizen engagement
 - Meet needs of youth in communities
 - Provide long-term infrastructure for youth service in communities and states
- Who:** 50 United States and Puerto Rico Total: 51
- When:** June 2000 – December 31, 2005

Funding: Total Gates Gift: \$1 billion over five years

\$1 local : \$1 Gates Challenge

Formula funding to be based on the population of the state with weighting related to the number of children and youth in the state.

Challenges per State	Gates	Local Match	Total
(25) Large states: maximum challenge	\$ 20 million	\$20 Million	\$40 Million Total
(26) Small states: maximum challenge	\$ 10 million	\$10 million	\$20 million Total
Total of Challenges			
25 Large States	\$ 500,000,000	\$500,000,000	\$ 1 Billion
26 Small States	\$ 260,000,000	\$ 260,000,000	\$ 520,000,000
International Youth Foundation	\$ 1,000,000		Competitive Incentive
SUB-TOTAL:	\$ 761,000,000	\$760,000,000	\$ 1.5 Billion
Program and Administrative costs	\$239,000,000		
TOTAL:	\$1 billion	\$760,000,000	\$1.7 Billion

Phases and Structure:

Phase I:

Structure the Grant

Small national challenge management committee composed of people of high integrity and special expertise

Incorporate a new 501(c) 3 for this purpose as an operating foundation or place within the Gates Foundation. Recommend keeping the project as an operating program of the Gates Foundation.

Establish a management committee of nonpartisan volunteers in each state, appointed by the Governor (efficiently only 51 contact points). State Service Commissions would be natural homes.

Phase II:

Raise the Money and Develop Long-term Infrastructure

(Each state would have all pieces in place prior to payment)

There are a number of potential partner organizations with resources and expertise in these areas. They would be helpful in meeting the challenge. The components do not need to be created from scratch, but this would be the first time that each of these independent efforts are brought together. An initial list of potential partner organizations is attached.

Each state in the challenge would commit to establishing the following:

A State Youth Advisory Committee and Many Youth Advisory Committees within a State

- Establish a State Youth Advisory Board as well as youth advisory boards in each of the entities involved (United Way, community foundations, schools, Scouting, 4-H. Provide many leadership opportunities for youth).
(The Michigan Community Foundations' Youth Project has helpful experience here. Other resources are listed on the attachment).
<http://www.mcfyp.org/>

K-12 Education in Philanthropy/Service-Learning

- K-12 Education in Philanthropy in place in schools throughout the country (Place a coordinator in each Department of Education for five years to work with local schools. Each State Department of Education to provide secretarial and other support.)
- Work with Service-Learning funding from federal government as well. (The structure for a K-12 curriculum has been developed in Michigan and is ready for dissemination in to other states. The National "Learning In Deed" effort is bringing together the service-learning community on a national level in ways that would be helpful to this challenge).
<http://www.msu.edu/~k12phil/>

Positive Youth Development in Giving and Serving

- Youth organization education and experience in giving and serving (award levels, badges, materials) in the following major youth development programs:
4-H, Scouting, Boys and Girls Clubs

Youth United Ways

- Local Youth United Way with permanent youth committee to raise funds from and for youth and to advise on youth allocations
- Administrative endowment to support the Youth United Way, either in the United Way or the community foundation depending upon local circumstances. (The Youth United Way-a joint venture of the Kalamazoo Foundation and the Kalamazoo United Way offers a useful model).

Youth Community Foundation Endowments

- Youth Endowment in a local community foundation with a local youth advisory committee to make grants (The Michigan Community Foundations' Youth Project can also provides some helpful lessons learned. An evaluation of this program is attached).

State Youth Volunteerism

- Statewide youth volunteer programs based on the local infrastructure (These can be within United Ways, free-standing volunteer centers, school-based programs, or youth group programs that are part of systems, such as 4-H).

International Youth Foundation

- International Youth Foundation Endowment for U.S. students to give funds internationally.

Phase III: America Enjoys the Benefits in Perpetuity

Youth United Ways will fund operating expenses for local youth programs

Youth "Community Funds" in community foundations will make grants for local youth programs

K-12 Education in philanthropy will teach children about giving and serving as part of the core public school curriculum

Service-learning activities will be a core part of the school curriculum and provide experience to all students in service and volunteering.

Competitive Incentive:

The first state to complete the total challenge will have their state youth board select the first recipients for grants to children and youth from other countries from the earnings on the endowment fund in the International Youth Foundation. The fund will forever be named the X State Fund of the "Gates Challenge."

Internet Use: Gates Challenge Web-site for Project information and resources, links to other web-sites related to the grant

Youth Engagement:

Youth will be involved at all levels, long-term infrastructure will provide sustained power

Issues: A variety of issues related to each phase must be worked out
Launch, Structure, Rules, Training, Monitoring

Options: A. Reduced Challenge Match \$500,000,000

The challenge grant could be reduced by cutting the challenges in half. The largest states could have challenges of \$10 million and the smaller states could have \$5 million. The program costs might also be further reduced depending upon the items that would be funded from the grant, the payment schedule which would effect interest earnings, and if other funders might be encouraged to participate.

Challenges per State	Gates	Local Match	Total
(25) Large states: maximum challenge	\$ 10 million	\$10 Million	\$20 Million Total
(26) Small states: maximum challenge	\$ 5 million	\$5 million	\$10 million Total
Total of Challenges			
25 Large States	\$ 250,000,000	\$250,000,000	\$500,000,000
26 Small States	\$ 130,000,000	\$ 130,000,000	\$260,000,000
International Youth Foundation	\$ 1,000,000		Competitive Incentive
SUB-TOTAL:	\$381,000,000	\$381,000,000	\$762,000,000
Program and Administrative costs	\$100,000,000		
TOTAL	\$481,000,000	\$381,000,000	\$862,000,000

B. Reduced Challenge Match \$250,000,000

The challenge could also be reduced to \$250,000,000 by deciding not to offer the challenge to every state. A number of criteria may be used to select the states. Selection might be competitive based on state proposals, or for the states with the children and youth in highest need, or based on the states with the fewest youth empowerment assets (service-learning, youth volunteerism), or the states with the most resources for youth as leadership states. A number or selection standards could be set.

More Detailed Discussion Follows

The W. K. Kellogg Foundation has eleven years experience with a similar \$100 million youth grantmaking project in Michigan. The Foundation would be an excellent source for "hands-on" recommendations and feedback if desired.

**Gates Millenium Giving and Serving Youth Challenge
Proposal for Discussion
DETAIL**

Possible Schedule:	October 22, 1999	Announcement
	June 2000	Detailed Challenge Publication/Training in each state
	January 2001	Applications Due
	Challenges Awarded Quarterly (first come basis)	
	12-13 States per quarter	
	Funds raised starting June 2000 would count	
	January 2001-December 2005	Challenges made and paid
	Challenges paid when all funds are raised and other infrastructure criteria are met	
	December 2005	Victory Celebration
	Naming of fund in the International Youth Foundation by the first state completing the match, youth award first international grants.	

Matching Issues to Consider:

If the challenge money is given at one time, (e.g. in to a trust), then the interest earned while raising the challenge funds could help to pay for some of the administrative costs. The potential gift sizes raise some "tipping" issues that will need to be addressed. Not impossible, but important to work through. This would be another advantage to using state commissions which receive enough public money to eliminate this concern.

Main Proposal Grant Guidelines

Maximum grant: \$20 million for a large state (population)
\$10 million for a small state

Minimum grant: \$5 million per state
(Smaller states with less wealth might be encouraged to apply more than once so that they develop some confidence and success during their first efforts)

Match: (Criteria for match are EXTREMELY important)
Recommendation: cash in hand only

Gifts of stock (yes) if they can be sold immediately
Pledges (no), Life Insurance (no)
Tangible personal property (art, cars, jewelry, autos) (no)
Land (no), Planned gifts (no)

Source of Funds: Determine if there are any issues concerning funding sources

Can one major donor match the whole amount in one gift? (Recommend that not more than 25% of the total local match come from one donor).

Can government raise taxes or use tax money to match? (Recommend that tax dollars be used only to meet the last 10% of a local goal)

Can a private foundation liquidate to meet the match? (Recommend that a private foundation termination can only count for 25% of the local goal).

Structure

State Committees:

Recommend State Service Commissions

Already in place in each state

Already committed to youth service

Understand their own states

Can accept large amounts of funding from private sources without tipping.

Must be nonpartisan

Must represent the diverse interests in the state

Must represent the racial, ethnic, gender, and class components of the individual states population

Must be able to raise money

Must include young people (25%) for the fund-raising phase

90% on the various youth boards in the distribution phases

Recommended structure would be that the Gates Foundations establish the program goals and the rules of the challenge, then allow each state to work out its own plan for raising money and for its distribution. The plans would come within the infrastructure guidelines listed above in order to assure there are strong institutions left in each state after the challenge is completed.

Training and Support

Gates Foundation provides workshop training in workshops in each state

For adults-Fund-raising

Youth empowerment techniques

Youth development

Youth board participation

K-12 Education in Philanthropy

Service-learning

Rules of the challenge

Web-site use

For youth-Fund-Raising

How to serve on a board or committee

Grantmaking and allocation

Background on philanthropy

Service-learning

Rules of the challenge

Web-site use

Resources: Can be drawn from a variety of sources at local, State, and national levels.

Use of the Internet

News about the project

Online application

Keep track of challenge on a monthly basis by state and show

Graphically

Student chat line and assistance

Commission chat line and assistance

Fund-raising advice from experts

Ongoing reporting on the use of the money from each state.

At the end of the challenge (January 2006) the state that meets their total challenge grant first will have an endowment fund in the International Youth Foundation established in their name: "The X State Fund of the Gates Youth Challenge". The state youth advisory committee from that state will be able to advise on international grants to be made to children and youth in other countries.

In the second and subsequent years, all American youth will participate in an online dialogue and decision-making process to provide advice each year on how the grants for that year should be given for the benefit of children and youth in other countries (youth to youth international grantmaking).

Role of Youth (under age 21)

Serve on the committees in each state

Help to raise the matching funds (a part of each state plan)

Help to contribute some of the matching funds (maybe youth gifts could be matched 2:1)

Perhaps a bonus for a certain number of youth volunteer hours in a given state...set by a % of youth in the state

Serve as the long-term advisors on the grantmaking committees of United Way and the community foundation

Intentional education with school and youth groups to teach the skills and the knowledge about giving and serving

Serve as advisors to the International Youth Foundation's fund via the internet

Any Left-over Funds:

Any challenge funds not matched by the end of the project would be granted to the Nonprofit Academic Centers Council as an endowment to support teacher education in philanthropy and service-learning.

Resources Examples

An advisory committee could help select the appropriate partnering organizations with expertise that could be helpful to a challenge, at any level.

National Programs

Corporation for National Service

Service Commissions in each State

Streams of Service

Americorps, Vista, Peace Corps, Learn and Serve (Service-learning)

Points of Light Foundation

Experience in Systemic Change through Youth Philanthropy

Council of Michigan Foundations

Michigan Community Foundations' Youth Project

K-12 Education in Philanthropy Project

Service-Learning

Learning In Deed-National Service-learning Initiative

National Youth Leadership Council

Youth Training to Serve on Nonprofit Boards

Youth on Board

Community Partnerships with Youth

National Center on Nonprofit Boards

National Society of Fund-Raising Executives

Training in Fund-Raising

Fund Raising School at Indiana University

Indiana University Center on Philanthropy

National Society of Fund-raising Executives

Academic Nonprofit Centers Council

University Academic Centers on Philanthropy

National Philanthropic Organizations with Local Bases in Communities

United Way of America and Local Affiliates

Community Foundations

Women's Foundations

Council on Foundations

Forum of Regional Associations of Grantmakers

Youth Group Leadership

"Habits of the Heart"

Indiana Humanities Council

National Youth Organizations:

4-H, Boys and Girls Clubs, Scouting

International Youth Ties

International Youth Foundation, Save the Children, UNICEF

Gates Millennium Giving and Serving Youth Challenge Timeline

