

MAKING THE CASE FOR PHILANTHROPY FOR VETERANS

Charitable donations and programs for veterans and military families have been one of the fastest-growing corners of philanthropy over the last decade. Yet despite new and increased commitments (lots of them profiled in this book), many donors have remained on the sidelines. In doing so, they miss out on some of the greatest philanthropic opportunities in the country, and an opportunity to give back to a crucial population on which American prosperity is built. Let's look at a few of the arguments sometimes cited as reasons not to extend philanthropy to veterans.

Myth 1: The government already has this covered!

\$167 billion and 350,000 full-time employees—that's how big the U.S. Department of Veterans Affairs was in 2016. And those figures don't include the billions spent by the Departments of Defense, Labor, and Health and Human Services, plus the Social Security Administration, to provide unemployment benefits, job training, civilian disability pay, and housing, among other forms of government support provided to veterans. Glance at these numbers, and one might conclude that veterans' needs are so well-funded by the government that there couldn't possibly be any need for private philanthropy.

It's certainly true that the V.A. is richly funded. It has been the fastest growing major federal agency for most of a decade. But unfortunately the issue is by no means covered.

The government is regularly embroiled in scandal and backlog. In the last few years alone, the agency accumulated a mountain of unprocessed disability claims that at one point peaked at over 600,000 cases. Wait times for medical appointments at V.A. health centers around the country have often stretched to ridiculous periods. There have been systemic problems with falsifying patient records. There are no doubt some excellent clinicians, public servants, and facilities, but there have also been persistent incidents of negligence, infection, and death in V.A. health-care facilities. Despite the billions of taxpayer dollars spent on employment and job training programs, their quality is often low, and

young veterans have less success than civilian peers at landing suitable work after service. Even the V.A.'s National Cemetery Administration has struggled, mislabeling remains and grave sites for veterans buried on its land. Service breakdowns of all sorts continue to emerge from the bureaucracies charged with serving veterans, despite Congress throwing heaps of money into the V.A. budget.

Even when the V.A. functions as planned, it (like many large institutions) has a hard time adapting quickly to the needs of the day. Most of the V.A.'s health resources go to everyday geriatric medical care, not military-specific illnesses and injuries for those who left service recently. Its disability compensation system (\$68 billion in 2016) uses WWII-era labor market expectations to cut monthly checks to veterans based on antiquated and unchanging medical diagnoses, creating perverse incentives that discourage recovery, employment, and independence among the injured. There is such a huge weight of special interest groups and powerful lobbies hanging on existing agencies and procedures that it is politically, bureaucratically, and legally almost impossible to change the way programs operate or services are delivered. Old procedures stay in place practically in perpetuity.

And then there's the fact that there are many needs that no government agency, however well-managed, is equipped to address. Building a sense of community and mutual support among veterans, offering emotional sustenance to their families, creating mentoring relationships with successful neighbors—these are things no bureaucratic agency is likely to be able to accomplish. Yet they are some of the most important needs today in helping recent servicemembers make a successful transition to civilian life.

Myth 2: Philanthropy is too small in scale to make a dent!

Philanthropic services contrast sharply with what the V.A. provides, on almost every level. Most charitable budgets are orders of magnitude smaller than what the V.A. spends. But the philanthropic efforts are far less regimented, far more personal. They can be much more innovative and experimental. They can be vastly more efficient, and accountable—being subject to rapid reform or shutdown if they fail to meet veterans' needs. Philanthropy thus has a vital role to play in supporting veterans and military families.

Smaller budgets require focus and carefully thought-out procedures that have been proven to work. That's why funders like the Call of Duty Endowment are able to place veterans in good jobs for less than \$600 each—a

fraction of the cost of government programs. Decentralized problem-solving means that the Marcus Foundation can support a range of clinical and non-traditional programs that cater to the individual needs of veterans with mental-health challenges and brain injuries, and try all sorts of new approaches to see which work best. Nimble funders like the J. A. and Kathryn Albertson Foundation are bringing high-quality charitable services to veterans in geographic regions where literally no services currently exist. Other donors, like the Cohen Veterans Network, keep an eagle eye on service usage and quickly reallocate resources when clients require greater or fewer mental-health supports than expected in a particular area, allowing a given level of funding to be used with hyper precision and efficiency.

Myth 3: We can't fund veterans because they're not mentioned in our charter!

Very few philanthropic groups have any explicit mention of support for veterans in their charters. But there are lots of new or evolving charitable needs that were unmentioned when typical charities were set up. How many foundations have HIV/AIDS, or cybersecurity, or Zika, or methamphetamine abuse mentioned in their charters? That doesn't block donors from entering new kinds of work when needs arise. Most philanthropies focus on specific geographies, or broad issue areas like education, health, scientific research, or job training. Much-needed assistance for veterans can be implemented under any number of headings.

Many top nonprofits that didn't previously serve veterans have come to recognize them as important constituents, and seamlessly adjusted their programs to better serve them. Donors ought to consider the same reasoning. The Harry and Jeanette Weinberg Foundation, for instance, an influential \$2 billion entity that operates nationally and internationally with special interests in topics like work, disability, and poverty, realized it was already funding programs that serve veterans in a number of its portfolios. So it recently developed a coherent veterans' strategy that organized and linked those offerings to make them even more effective and accessible to former servicemembers.

Many of the most trenchant issues that veterans face today are subsets of problems that our society faces more broadly. For example, numerous agencies and private businesses are seeing dramatic increases in the number of working-age individuals filing for disability compensation. Veterans have lots of civilian company in this alarming problem of comparatively young males dropping out of the workforce due to foolish incentive structures.

Likewise, our concerns over veterans piling up burdensome student debt in pursuit of degrees that don't land them jobs is part of a wider problem in higher education. When it comes to health, rising alarm over syndromes like concussion, prescription drug misuse, behavioral disorders, suicide, obesity, and lower back pain apply to millions of Americans, regardless of whether they served in uniform. Fixes developed for any of these challenges facing veterans will also have positive spillover effects for millions of other Americans. That's why the Laura and John Arnold Foundation, for one more example, is investing in improved outcome assessment and program accountability in services created for veterans—because things we learn helping them will be transferable to many other sectors, speeding the cause of evidence-based problem-solving that is a deep Arnold passion.

Myth 4: I've heard stories about ineffective or fraudulent or ineffective vets' groups—it's impossible to separate the good from the bad!

Donors are properly anxious to avoid phony or ineffective charities. This is something any donor has to guard against in every sector. Thousands of nonprofits claim to be serving veterans and military personnel. Some have been shown to be poor operations. Many share similar names. How is a donor to avoid bad apples?

Downright fraudulent groups exist, but they are very rare. A much more serious issue is mediocrity. Even the savviest funders will make missteps if they are trying new things in new fields with new service providers. The key is simply to assess carefully, adjust quickly when there are disappointments, and move on. For instance, after seeing no impact from one of its early grants as a pioneer investor in veterans' causes, the Call of Duty Endowment took a step back and came up with a new grant-making process. This procedure is now so rigorous it can show exactly how many dollars it takes a particular nonprofit to put a veteran in a job, every quarter.

The best donors start funding small, and *assume* there are going to be hiccups and failures. As they work out the kinks, they expand the successful programs. The Cohen Veterans Network, for instance, started with one site that took a couple of years to perfect. Once they had the model down, they began to spread it at breakneck speed. One of the reasons many ambitious donors enjoy philanthropy for veterans is because it is a young field where the practitioners are still learning how to best serve the population—and

thus offers many opportunities to pioneer, innovate, and lead in the search for better ways of delivering philanthropic services.

As you work to separate attractive veterans organizations and programs from those that don't appeal to you, ask yourself some simple questions. Is this problem actually a result of military service? Do veterans experience it more often or more intensely than nonveterans? Are there other resources (particularly generous V.A. benefits) that already address this need in effective ways? Are the people who benefit from this likely to succeed regardless of this program? Is this a cost-effective way of solving the problem, and is there evidence that it actually works? What kind of behavior does the program reward or discourage? Just as in other areas of charitable service, you will soon become comfortable in separating the sheep from the goats.

Myth 5: Our wars are winding down, so there won't be much need for veterans' philanthropy in the future!

No one can read the tea leaves of foreign affairs accurately enough to predict what the members of our military will be doing in future years. But even if you could, you'd be missing the point. Every year, about a quarter of a million Americans move from military service to veteran status. That means new jobs, new communities, new financial situations, new social networks, new health-care needs, and new identities. Maintaining an all-volunteer military means a constant turnover in personnel regardless of whether the nation is at war.

Most vets transition well to civilian life and become potent assets to their communities. With education and civilian work experience, they help fuel our economy, contribute to the tax base, and solidify their own financial status. Their leadership skills often allow them to become very useful to their companies, their hometowns, and their nation. Several philanthropies like the J. A. and Kathryn Albertson Foundation and the Heinz Endowments are already using veterans as assets for solving entrenched problems in their regional communities. When we allow transitions to civilian life to go poorly, both veterans and our country lose out.

Think different

Like veterans' benefits, education is an area that was completely dominated by government for generations. We all agree that public education is a national imperative, and that when it is done right, individuals, communities, and the economy all flourish. When it is botched, everyone suffers.

Every year, government at various levels spends hundreds of billions on education. Traditionally, K-12 education was a government monopoly in most of the country. Despite the many excellent and committed individuals working in the system, that monopoly, like most monopolies, developed serious problems: weak incentives for improvement, a systemic lack of accountability, and capture by strong political constituencies that hamstrung the system's flexibility and capacities to experiment and modernize. The quality of services declined, while costs skyrocketed.

The trajectory of public education in America is in some ways mirrored by the provision of veterans' services over recent decades. But in the early 1990s, their stories diverged. Students in some of our urban public schools got an escape hatch—charter schools. These public schools operated by nonprofit entities must meet the same educational standards that conventional schools do, but they have far more autonomy in structuring the school year, hiring and compensating teachers, experimenting with teaching styles, building a school culture, and so forth. Teachers and schools that allow student performance to slip are regularly shut down.

Applying the twin principles of flexibility and accountability, great philanthropists like John Walton, Don Fisher, and Bill and Melinda Gates launched thousands of inventive schools and instructional models. Some of them immediately performed marvelously. Some had to be adjusted and re-tuned. Some didn't perform and were summarily shut down. But ultimately, this accountable, meritocratic environment yielded dramatically better outcomes for millions of students who had been failed by traditional schooling. This has been one of the great triumphs of private philanthropy over the last generation.

Our system of services for veterans is ripe for a similar philanthropically inspired upgrade. The V.A. medical system has received much notoriety for failures in care. But plenty of other corners of public support for veterans are also in dire need of rethinking. The V.A.'s employment programs are tremendously expensive and don't produce the good results of top nonprofits. V.A. disability benefits are built on grossly outdated understandings of our economy, and create perverse incentives for counterproductive behavior.

V.A. scandals have mushroomed in exactly the same decade and a half that the agency's budget has *tripled*. Clearly more of the same approach is not what veterans need today. We need fresh thinking and new ways of delivering services. Those are areas where private philanthropy excels—as you'll learn in the chapters that follow.