

HELPING PEOPLE TO HELP THEMSELVES

A GUIDE FOR DONORS

Michael E. Hartmann

The
PHILANTHROPY
ROUNDTABLE

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Letter from The Philanthropy Roundtable

The Philanthropy Roundtable is proud to publish this book on how funders can best help the poor. This guidebook is one product of a Roundtable project to research and analyze strategies in this field. The project was generously funded by the Harry and Jeanette Weinberg Foundation in Owings Mills, Maryland.

The Roundtable is committed to helping donors effectively aid the poor. The subject often sparks controversies, but we are dedicated to whatever works. We place a special emphasis on advancing the freedom and dignity of the poor, expanding economic and educational opportunities for the poor, and reinforcing personal responsibility among all Americans.

The Roundtable holds special meetings around the country at which donors can exchange ideas, strategies, and best practices. We also offer customized private seminars, at no charge, for donors who are thinking about how they can make the greatest difference. Please contact us at 202.822.8333 or main@PhilanthropyRoundtable.org if you would like further information.

Adam Meyerson
President

Introduction

By almost any measure, the United States is the richest nation in all of human history. Yet poverty persists.

From the wealth generated by Americans, tens of billions of dollars a year are donated through the private sector to relieve suffering. But the very size and complexity of these efforts can be daunting to donors. Those who want to ensure their aid is as effective as possible want to find and support the best poverty-fighting programs, knowing that much well-intentioned giving has little to show for its benevolence. But finding the best can be difficult.

While this book does not claim to be exhaustive in detailing all that is being done to assist the poor, it does sketch out several critical, overarching principles that funders should bear in mind, and it also highlights some of the best work addressed to particular challenges, such as health care, worker training, substance abuse, and access to college.

Each chapter tackles one such topic and, in addition to explaining how to think about the particular issues involved, also depicts some of the most effective grantees in that field.* For no matter how difficult it is to deal with the problems described, there *are* groups in every field who are achieving dramatic success in turning lives around and reducing suffering. Wise funders will study the reasons for their success and either consider supporting them or work to replicate similar programs in other locales.

Fundamental Principles

Certain fundamental principles recur throughout this book because they are critical to any effort to help raise up the poor. Conversely, neglecting them will doom even the most well-intentioned philanthropy. First, *respect the dignity of the poor by recognizing the role that personal responsibility must play in their lives*. The ideal is to help people to help themselves, and to avoid a situation in which the poor end up dependent on pub-

*The Appendix provides contact information for all groups mentioned.

lic or private programs. Challenging the poor to take responsibility for their lives is also a challenge to donors, who can be tempted to focus on their own good intentions rather than the long-term prospects of those they seek to help.

It is no compliment to imply that a person in need can do nothing to help himself or others. By contrast, to tell poor people that they *can* succeed at work, break a destructive habit, go to college, or otherwise advance themselves is not only complimentary but liberating. Outstanding examples of this liberation are found in chapter 7, where men and women who were substance abusers first come to recognize their need to confront their addiction and take responsibility for staying sober, and then go to work helping others overcome their addictions. This is the sort of virtuous circle that personal responsibility creates.

The need to encourage personal responsibility leads naturally to a second principle: *The greatest antipoverity program is a job.* Persons with low incomes sometimes need help finding jobs and developing work skills, but they and those who help them must stay focused tightly on the goal of gainful employment for all the able-

bodied. Encouraging work was the fundamental reason for the dramatic success of welfare reform, as chapter 8 recounts, and in both governmental and private programs it is critical that work be stressed.

A job is a necessary but not sufficient part of the third principle: *The poor need to be integrated into the economy as thoroughly as possible.* And so, in addition to employment, it is vital that poor persons learn the economic basics—how to manage their money, how and where to save it, how to launch a business, and so on. This is an area that is especially blessed with excellent existing programs that only await further support to reach more of America's underprivileged. For details, see chapter 1.

The need to better integrate the poor into the economy leads to the fourth principle: *Support economic growth.* Without such growth, jobs will not be available for the jobless, new businesses launched by the less fortunate will not succeed, and even donors will find that they have fewer resources to

Much well-intentioned giving has little to show for itself. Wise donors search for the most effective poverty-fighting programs.

come to their neighbors' aid. Here as elsewhere, it would be wrong to look only to government to provide what is needed. Private businesses, of course, are the prime movers of economic growth, but philanthropists too can do much to grease the wheels of progress, as chapter 6 explains.

Moving beyond the economy, the final principle to keep in mind is the need to *promote a healthy civil society among the poor*. In practical terms, this means that poor neighborhoods need to be safe, not crime ridden; that they need to be havens of sobriety, not substance abuse; and that they need to have strong families. Chapter 4 describes ways that support for crime-fighting can help the poor, while chapter 7 focuses on the best programs for dealing with drug and alcohol dependency. Chapter 8 touches on the subject of strengthening families, although this subject is being treated at greater length in another Roundtable publication to be issued later this year.`

Education is one of the most important parts of civil society, with a dramatic effect on workers' earnings, and so chapter 5 discusses ways donors can improve access to higher education

and—just as critical—help ensure that low-income students stay in college and earn degrees. At the K-12 level, gravely inadequate education forms one of the greatest obstacles to overcoming poverty today. But far-sighted funders are leading the fight to reform the present system, and The Philanthropy Roundtable has published guides to strategic grantmaking in K-12 education that highlight excellence in this field.

That material won't be duplicated here, but donors may request free copies of these earlier guidebooks (for more information, visit www.PhilanthropyRoundtable.org).

Each chapter depicts some of the most effective grantees in that field.

Better Public Policy

Education, welfare reform, economic growth, and other topics discussed in this book are inextricably linked to public policy. All too often, bad public policies on these issues hurt the poor worst of all. Although tax-exempt entities are limited in the ways they can participate in public policy, many donors have forged valuable strategies by supporting research and education in public policy and the best ways to help the poor. Throughout

the chapters that follow, guidance on how to pursue this kind of work is offered, for it can be just as important as direct aid to the needy. Indeed, sometimes programs to aid the needy are gravely hindered by unwise public policies.

Future Editions and Private Seminars

Because this guidebook is only a preliminary introduction to a broad swath of the charitable sector, we welcome responses from donors on how it can be improved and enlarged in the future editions we hope to publish. We know that practical wisdom is best acquired by long toil in this vineyard, and many quite effective groups are as yet too small to have come to public notice. Their supporters and all persons with knowledge and experience are asked to share the wealth of their understanding.

Philanthropy must respect the dignity of the poor by recognizing the role that personal responsibility must play in their lives.

Similarly, funders who would like to learn more about any of the topics discussed are welcome to contact the Roundtable and request private seminars tailored to their needs, a service we offer free to qualified donors.

Poverty poses a challenge to all Americans, but we are confident it is a challenge that can be met with the practical wisdom and generosity that have made the nation a beacon of hope to the world.

I

Helping People to Manage Money

“I knew, like, nothing about the stock market,” says Emily Suarez Del Real. “I didn’t even know what stocks were.” Nonetheless, the sophomore at Milwaukee’s Alexander Hamilton High School wrote an essay about the market that was among the 30 best submitted in the Milwaukee public schools. As a result, she won the opportunity to attend that summer’s Youth Enterprise Academy at the University of

Wisconsin-Milwaukee. “It was like a whole new world to me,” says Suarez Del Real. “My mom’s a single parent, and when I brought this stuff home, it was a real eye-opener for both of us.”

The nation’s schools do little to educate the young on practical finance.

Developed by the Wisconsin Council on Economic Education, the ten-day program teaches students about personal finance and stresses saving, investment, and establishing a credit record. Students who complete the program receive a \$500 U.S. Savings Bond. Then each summer’s top five students—Suarez Del Real was one of them—are invited to form their own Youth Enterprise Investment Club that manages a portfolio of stocks valued at \$10,000.

Playing the Market

“During the summer program we had fake stocks, but now it’s real,” says Suarez Del Real. “It’s scary.” When club members are graduated from high school, they can use their share of the fund to pay for any college or university to which they have been admitted. Suarez Del Real became a psychology major at Milwaukee’s Alverno College.

TO KNOW, AND THEN DREAM

Learning how to handle money turns out to be as vital a part of education as reading and writing for all of our young people. Children growing up in the inner city—and those of middle-class families eking by on \$25,000 or \$30,000 a year or less—are at risk of losing any hope of a solid financial future from bad habits learned early on. Our culture's cynical barrage of images has brainwashed them into believing that the right car, clothes, and shoes are all you need to succeed.

Making it in America requires a lot more than trendy appearances. It requires information. Upper-middle-class kids constantly receive messages, both overt and subliminal, about the value of a dollar: Of course you're going to college. Of course you'll have a career. Of course you'll own your own home. Of course you'll provide for your children's education, and of course you'll save for your retirement.

Inner-city and first-generation, middle-class families simply don't have the history of money knowledge to pass on to their kids....

...America's economy would skyrocket if the unempowered gained knowledge about how money and banking really work. Renters would become homeowners, free to invest the equity in their homes as they saw fit. The rate of personal bankruptcy would dramatically decline. New markets for useful consumer goods from furniture to appliances would develop. America would be a better and richer—not to mention fairer—place if everyone could participate knowledgeably in the worlds of business and personal finance.

...Without this information, our kids are doomed to re-enact patterns of poverty. With this knowledge, these same children can live their dreams.

From John Bryant and Michael Levin, Banking on Our Future: A Program for Teaching You and Your Kids about Money (Beacon)

Beyond the Basics

“Corporate America constantly bombards our society with messages that emphasize consuming, spending, and living,” says John Bryant, CEO of Operation HOPE, founded in Los Angeles after the 1992 riots to bring banking to the inner city. “The groups least able to counter these messages are inner-city young people.”

“What students need to learn is what a credit card is and how it works,” says Jennine Auerbach, national project manager of the NAACP’s Financial Empowerment Initiative. “They also have to learn how it can mess up your life.”

But too many Americans are ignorant of basic economics. A 1999 Harris Poll found half of all adults would receive a failing grade for their knowledge of the economy and key economic terms. Only 36 percent of white adults, 13 percent of blacks, and 9 percent Hispanics scored a “C” or better. Jump\$tart, a Washington, D.C. nonprofit dedicated to financial education, has likewise conducted three national surveys of twelfth-graders and found only half of 4,024 students surveyed could answer simple questions on economics.

Nor is the problem only a lack of knowledge. Too many Americans are poorly connected to the economy itself. In a 2004 paper for the Brookings Institution, Michael S. Barr of the University of Michigan Law School found almost one-quarter of American families who earn less than \$25,000 per year do not have a bank account. “Even those who do have accounts tend to rely on high-cost providers such as check-cashing agencies to conduct their financial business,” he writes.

Classes and Curricula

Unfortunately, the nation’s schools are doing little to educate the young on practical finance. Although 48 states and the District of Columbia have economics-education standards, only 34 require any sort of implementation. Just 17 states require that economics be offered in high school, and only 14 require that it be taken to graduate. Disappointingly, economic education is offered more often in the suburbs than in urban high schools, where the need is greater.

Financial literacy education is possible in other venues, however. “Evidence shows that faith-based and other community-based organizations provide the most comfortable setting

for many people,” says a 2000 study by the Institute for Socio-Financial Studies sponsored by the Fannie Mae Foundation. “We recommend that public and philanthropic resources increasingly support these critically important community efforts.”

Providers, Programs, and Potential Partners

“There’s no shortage of off-the-shelf material teaching kids how to manage money,” says former Jump\$tart executive director Dara Duguay. “Distribution and teacher training are what is needed.”

For example, EconomicsAmerica is a program produced by the National Council on Economic Education in New York. In 2004, the U.S. Department of Education awarded the Council a \$1.5 million grant to lead a nationwide initiative to improve economic literacy among K-12 students. The Youth Enterprise Academy in Milwaukee, where Suarez Del Real learned about the stock market, is one of its affiliates.

The Council is also partnering with the National Center for Neighborhood Enterprise in Washington, D.C., to teach financial literacy, with funding from Household International.

“Household is the first major corporation we’ve been able to wean off the poverty industry,” said Robert L. Woodson Sr., founder of the National Center. The Center now has 120 affiliates teaching its “Your Credit Counts Challenge” program in local centers.

Similarly, the Boys & Girls Clubs of America are piloting “Money Matters: Make It Count” to young people around the country, with the support of the Charles and Helen Schwab Foundation in San Francisco. By 2006 the program will have reached 36,000 teens.

Citigroup has pledged \$200 million to fund a financial-education curriculum for schools and community groups. The bank also encourages its employees to do volunteer work and sponsors the Financial Education Challenge at the youth website www.DoSomething.org.

The National Endowment for Financial Education, a Denver nonprofit, has partnered with 115 nonprofit groups to provide financial education outside of schools. With support from

In one poll, only 36 percent of white adults, 13 percent of blacks, and 9 percent of Hispanics scored a C or better on a test of basic economic knowledge.

Allstate, the Endowment prepared 82,000 *Financial Empowerment Guides* for the NAACP's 2004 national convention. "We've also produced material for Habitat for Humanity," says Brent Neiser, director of collaborative programs.

Both the NAACP and the National Council of La Raza also have programs encouraging home ownership, with Bank of America supporting the NAACP effort.

In the Washington Heights section of Manhattan, former New York City public school teacher Mark Levine started the nonprofit "Credit Where Credit is Due" (CWCID). Starting with \$85,000 in seed money from the nonprofit Echoing Green organization in New York, Levine's CWCID has educated about 2,000 low-income, mostly Spanish-speaking immigrants about the basics of the banking system.

Echoing Green, started in 1987 with help from the Atlantic Philanthropies and General Atlantic, LLC, tries to effect social change by identifying, investing in, and then supporting what it considers the exceptional emerging leaders in the nonprofit sector and the organizations they launch, including through a two-year fellowship program.

In 1997, taking advantage of this literacy, CWCID created the Neighborhood Trust Federal Credit Union. More than 4,000 have opened accounts at the credit union in Washington Heights and West Harlem, to which it has since expanded. It has made loans totaling more than \$2.5 million to over 1,000 of its members. CWCID and the credit union won the Manhattan Institute for Policy Research's Social Entrepreneurship Award in 2001. The Social Entrepreneurship Awards are supported by the Achelis & Bodman Foundations, the Horace W. Goldsmith Foundation, the J. M. Kaplan Fund, the William E. Simon Foundation in New York, and the Lynde and Harry Bradley Foundation.

A 2004 Social Entrepreneurship Award winner, the nonprofit Center for Teaching Entrepreneurship (CTE) in Milwaukee's central city, similarly started helping people to help themselves 13 years ago. Among its many activities, CTE puts on financial-literacy programs, in which students are taught founder ReDonna Rodgers' "CEO of Me" idea. In its other programs, CTE helps low-income entrepreneurs develop written business plans and start their own small businesses. It is funded by several foundations in the city, including the Bradley Foundation.

Churches and Change

Crown Financial Ministries in Gainesville, Georgia, is one of many faith-based organizations promoting financial literacy. Through 40 representatives across the country, Crown offers a variety of seminars and workshops to introduce what it calls “biblical principles of financial management and stewardship.” It also offers a full-day “Single Parent Ministry” seminar.

New Focus National, of Allendale, Michigan, is making a similar effort. “Our mission is to use churches and volunteers to bring about long-term financial stability among parishioners,” says director Dennis Cochran. Participants go through a six-week Steps to Change program, learning to keep track of spending, then undertake a 12-week Steps to Financial Freedom program, which includes savings plans and personal coaching.

New Focus “can offer invaluable counsel to other churches,” writes Amy L. Sherman of the Hudson Institute.

“It’s an example of a faith-based program that moves the recipient from taker to giver,” adds Karen Woods, of the Center for Effective Compassion at the Acton Institute in Grand Rapids.

Almost one quarter of families who earn less than \$25,000 per year do not have a bank account.

The Next Step: Entrepreneurial Education

While most of these programs help people deal with economic survival, other groups are shifting the emphasis to economic *success*. Most schools teach work in terms of “take a job” instead of “make a job,” the Kauffman Center for Entrepreneurial Leadership in Kansas City believes. Kauffman tries to teach the skills needed to help people start their own enterprises.

One Kauffman survey has found no significant differences among black, white, and Hispanic students in their attitude to entrepreneurship. While only 31 percent of Hispanics and 27 percent of African-American students knew an adult who owned a business (versus 45 percent for whites), more than half of African-American students had thought of starting their own business, compared to 45 percent of white students and 43 percent of Hispanics. “Not only are youth-entrepreneurship programs beneficial as complements to traditional academic curricula, they can also inspire leadership and confidence,” write Stephanie Bell-Rose, president of the Goldman Sachs Founda-

tion, and Steve Mariotti, founder and president of the National Foundation for Teaching Entrepreneurship.

Teaching People to Fish

In 1998, the Boy Scouts of America retired its “Masonry” merit badge and substituted “Entrepreneurship.” The change was symbolic of a transformation taking place around the country.

Junior Achievement of Colorado Springs, Colorado, began organizing clubs in middle and high schools shortly after World War I, emphasizing good citizenship plus farming and industrial skills. Today, Junior Achievement’s emphasis is on business and entrepreneurship. It offers programs in grades K-12 where businesspeople share their real-life experiences in the working world. Over 113,000 volunteers now teach classes to 4 million students.

Two decades ago, Aaron Bocage was a social worker trying to help urban youth find jobs. “I finally decided if we were going to be successful, we would have to create employment opportunities on our own,” he says. “I became convinced of the importance of entrepreneurship.” With George E. Waters Jr., Bocage created the for-profit Education, Training and Enterprise Center in Camden, New Jersey, now funded by Kauffman. “The purpose was to have materials appropriate to the kind of kids with whom we’re dealing,” says Bocage. The Center’s “New Entrepreneur” series, available in both English and Spanish, has sold 20,000 copies worldwide. “We don’t need any new material on this subject,” he adds. “The best thing to do would be to help distribute what’s available. Online or CD-ROM would be great.”

A number of organizations are providing education in entrepreneurship. For example, Granville Academy in Trenton, New Jersey, founded by former Mobil Oil executive William Granville Jr., sponsors after-school sessions on entrepreneurial education for inner-city middle and high school students. The Washington-based Corporation for Enterprise Development sponsors REAL Enterprises, which provides entrepreneurship education and training to more than 15,000 youths and adults. REAL has trained 1,200 teachers and has materials in 500 high schools and community organizations.

In 2004, the National Urban League, Business Roundtable, and Ewing Marion Kauffman Foundation announced a groundbreaking partnership to encourage minority entrepre-

neurship and business development in neglected urban areas. The program will develop one-stop “economic empowerment centers” to provide business training, counseling, financing, and procurement opportunities to minority and urban business owners. The program is being piloted in Atlanta, Cincinnati, Cleveland, Jacksonville, and Kansas City.

Steve Mariotti’s National Foundation for Teaching Entrepreneurship has been teaching entrepreneurial skills to underprivileged young people for more than a decade. A former Ford Motor Company executive who taught school for eight years in the South Bronx, Mariotti came to believe that “street smarts” could easily develop into “business smarts.” With seven offices across the country, the Foundation now serves almost 100,000 youth from low-income families. Its 108 hours of courses are offered in public schools and community organizations. It also has a 54-hour program for summer business camps that Merrill Lynch and others have sponsored.

Most schools teach work in terms of “take a job,” instead of “make a job,” the Kauffman Center for Entrepreneurial Leadership observes.

“We’ll never help low-income youth in America until we instill basic concepts of ownership and enterprise,” Mariotti concludes. “Poverty is in the minds of the poor.”

Public Policies

Some philanthropists are trying to attack poverty by supporting various public policies that aim to integrate low-income families more firmly into the economy. One such policy is the federal Earned Income Tax Credit (EITC), established in 1975 and available to most low-income, full- or part-time working families. The EITC’s backers hoped it would encourage work among the poor by giving them refunds roughly equal to the wages they were losing to Social Security taxes. More than 20 million working families, about 15 percent of all filers, now collect over \$36 billion in EITC payments. Fifteen states also have their own versions of this federal tax credit.

On the other hand, some dispute how effectively the program has functioned. One in four of those eligible for the credit do not claim it, according to the IRS. A 1999 Urban Institute study found that only 66 percent of families who earn between

50 and 100 percent of the federal poverty level knew about the EITC. Among families below half the poverty level, less than 50 percent knew of the EITC. Another study found almost \$1.75 billion in EITC refunds was diverted to commercial tax-preparation services and tax-refund lenders.

Individual Development Accounts

Individual Development Accounts (IDAs) are another public policy proposal that aims to connect less affluent Americans with the engines of wealth-building enjoyed by richer citizens. IDAs were first proposed by Michael Sherraden of Washington University's Center for Social Development. Similar to the well-known IRA, an IDA would allow poor people to set aside a portion of their earnings tax free for long-term investments such as college, buying a home, or starting a business.

Youth-entrepreneurship programs are beneficial financially, but they can also inspire leadership and confidence.

“Wealth accumulation by the nonpoor occurs within a variety of institutional structures,” such as the G.I. Bill, IRAs, 401(k)s, and the home-mortgage deduction, Sherraden has written. But the poor have few such

options. “For impoverished welfare recipients, asset accumulation is not encouraged. In most cases, it is not even permitted.”

“There is an emerging consensus behind wealth accumula-

BE CREATIVE

Michael Sherraden recommends that philanthropies interested in asset accumulation “be creative about how policies that already exist can be extended to include it,” and he specifically cites the way many states have been innovative with “529” programs that allow people to save for their children’s college educations. “That should be encouraged, number one,” he says, “but why not let states work with private foundations to expand these programs to more people?” Those expansions should then be studied for their effectiveness in encouraging accumulation, he adds. “With IDAs, there are community organizations with high cost structures. With 529s, there’s a ‘bare-bones’ cost structure. We should use that existing policy.”

tion,” says Ray Boshara, director of the New America Foundation’s Asset Building Program. Support for IDAs has been bipartisan, across ideological and party lines.

With IDAs, earnings accrue in tax-exempt or -deferred accounts and can be withdrawn for a few specific purposes. Either the government or a sponsoring organization can match the deposits.

Iowa created the first state IDA program in 1993, and the 1996 federal welfare reform act extended IDAs to other states. At least 32 states now have IDAs, although only 15 have funded them. “It was building quite nicely until the state budget crunches arrived” two or three years ago, says Karen Edwards, director of Washington University’s Center for Social Development, which has also promoted the idea. “It’s coming back now.”

Nationwide, more than 500 IDA programs exist, serving about 20,000 accountholders. Most of the programs are run through community-based organizations and funded jointly with the federal government and private money.

In 1997, 11 major foundations funded the American Dream Demonstration to gauge the effectiveness of IDAs (the Ford Foundation, Charles Stewart Mott Foundation, Joyce Foundation, Citigroup Foundation, F. B. Heron Foundation, John D. and Catherine T. MacArthur Foundation, Fannie Mae Foundation, Levi Strauss Foundation, Ewing Marion Kauffman Foundation, Rockefeller Foundation, and the Moriah Fund). The program made IDAs available in 14 locations around the country through programs run by 13 competitively selected groups. By 2001, it had created 2,364 individual accountholders. Sherraden oversaw the research. A 2002 report found the average participant had deposited \$19 a month. With funds matched at two-to-one, this came to \$700 a year. “The program suggests the poor can save and accumulate assets through IDAs,” the report concluded.

The Council for Enterprise Development tracks asset-building strategies. Its online IDA Network is a directory of information about IDA programs and accountholders. Its four-day IDA Training Institute provides practitioners with the skills to support IDA programs. Along with the National Federation of Community Development Credit Unions, the Council places AmeriCorps*VISTA volunteers in communities to help bring IDAs to low-income families.

The Council also oversees a demonstration project, Saving for Education, Entrepreneurship, and Downpayment (SEED), that makes IDAs available to young people from low-income families. “Coming up with ideas is only one piece,” says Council president Bob Friedman. “Developing those ideas and making them practical, explaining them to people and implementing them—that’s so much harder.” The Ford Foundation and an anonymous donor are providing funding.

Michigan is a hotbed of IDA activity. The state’s Family Independence Agency and the Council of Michigan Foundations have created the Michigan IDA Partnership, which plans to invest \$10 million in IDAs over five years. The Partnership will match \$2 for every \$1 saved for education and small business and \$3 for homeownership. In the first 18 months, 98 percent of participants made at least one savings deposit.

On the faith-based front, Faith to Finance in Hickory Hills, Illinois, consults with churches and other faith-based groups to help families build assets, including through IDAs. The effort is a spin-off of the Christian Reformed World Relief Committee.

“Confusing many economists and others who claimed that poor people could not save because of their circumstances or values,” writes Brandeis professor Thomas M. Shapiro, one demonstration program has provided “compelling empirical evidence of poor families sacrificing to put aside money to create better lives for themselves.” Yet others remain skeptical. “There is a limit to how much the lowest-income individuals are able to save,” writes Michael D. Tanner of

the Cato Institute. “Evidence from employer-sponsored savings plans, such as 401(k)s, shows that even with fairly generous matching grants only a minority of those eligible can be induced to participate.”

One thing remains certain: Private support will be crucial. “This idea is on the table only because of philanthropy,” says Sherraden. “Local foundations are what has made it work.”

A left-right consensus is emerging behind wealth accumulation and the “ownership society.”

Privatizing Social Security

Another public policy with a strategic goal of building assets among the poor is individualized Social Security accounts. The

privatization of Social Security would “have a significant impact on the lives of millions of Americans,” says Jagadeesh Gokhale of the Cato Institute. The effect will be especially strong on the poor, however, because they depend disproportionately on Social Security. The poorest 20 percent of America’s elderly, he notes, depend on Social Security for 81 percent of their retirement income.

Under one of three models proposed by the President Bush’s Commission to Strengthen Social Security, all workers could contribute 4 percent of their eligible earnings, up to \$1,000 a year, into a private investment account. This model would give low-income workers an even better opportunity to save, invest, and accumulate assets.

Currently, Social Security benefits are not inheritable. This cuts significantly against the poor because they tend to die younger. African-American men have a life expectancy of only 67, as opposed to 79 for the general population. Differences in life expectancy and marriage rates result in a net lifetime Social Security income transfer from African Americans to whites of as much as \$10,000 per person, according to a 1996 RAND Corporation study. This means African-American men’s long years of Social Security payroll deductions are lost to their families. “Millions of African Americans are being deprived of the opportunity to pass on their wealth to their children,” says Tanner of Cato. This is “a civil rights issue as well as an anti-poverty one.”

Conclusion

In short, poor Americans actually have the most to benefit from an “ownership society.” Government aid programs often have the unintended consequences of increasing dependence rather than encouraging autonomy. Promoting self-reliance, fostering entrepreneurial skills, and easing the path toward asset accumulation are all worthy and achievable goals of philanthropy.

We’ll never help low-income youth until we instill basic concepts of ownership and enterprise.

II

Improving Health Care for the Poor

“They’re pretty good here,” Jay Erven confides, evaluating the privately run Bureau County Health and Wellness Center in Princeton, Illinois. Referring to Heather Glenn, R.N., he says, “She’d give me a whuppin’ if I forgot to take my pills.”

A paunchy retired truck driver in a well-worn T-shirt and black suspenders, Erven has both Type II diabetes and high blood pressure. “It ain’t real bad yet,” he says optimistically.

“But my blood pressure is way up today.” He also fears he’s getting emphysema. At 62, he is still too young to qualify for Medicare.

For over a year, Erven has been coming to this faith-based clinic twice a week. “If you have a little money, you give them a donation,” he says. “But I’ve never got enough; so they give it to me for free.” In the room next door is Tricia Hopkins, a truck-stop

worker also waiting for pills to control her blood pressure. Her employer’s health plan pays only \$5 per prescription, leaving her to pay the remaining \$45. “Who’s ever got that?” she asks. “Without this clinic, I’d probably never get my medicines.”

A common strategy is referral networks, where doctors agree to see patients in their own offices for a reduced fee.

The Growing Stage

The Health and Wellness Center opened its doors in 2002 as a ministry of the 150-member Bureau County Christian Center, an Assemblies of God church in small-town Princeton, halfway from Chicago to Davenport, Iowa. “I wanted to practice real medicine,” says Nurse Glenn. She suggested the idea to her pastor, Jeff Gillihan, who remembered a similar clinic in a church basement where he grew up. Gillihan now chairs the board of directors. “It was prayed into existence,” says Glenn.

At the beginning, four volunteers handled eight patients. That didn't last long. "We were blown away by the demand," recalls Glenn. When a major appliance manufacturer closed a plant, the town was left with 350 more unemployed. The clinic now serves 400. The names of its 14 volunteer doctors are inscribed on a donated grease board above a donated waiting-room couch. "Most of them are good, young professionals who do this because they want to practice real medicine," says Glenn. "Our services are no-frills. An MRI is not our first option."

The clinic survives mostly on local fundraising, including an annual golf outing. Individual contributions are no more than \$15,000 and many are in-kind. "Everything here—everything—was given to us for free," says Glenn. Last year, the Christian Community Health Fellowship in Chicago awarded the clinic \$30,000 in funds from the Compassion Capital Fund run by the U.S. Department of Health and Human Services. "We're trying to get out of this painful growing stage," says Glenn.

Disheartening Data

Being poor in America is definitely bad for your health. According to the U.S. Department of Health and Human Services, lower-income patients are

- less likely to receive cancer-screening services, more likely to have late-stage cancer when the disease is diagnosed, and more likely to die from cancer;
- less likely to receive recommended diabetic services and more likely to be hospitalized for diabetes and its complications;
- less likely to receive screening and treatment for cardiac risk factors;
- more likely to die from HIV;
- less likely to receive timely prenatal care;
- more likely to have low-birthweight babies; and
- more likely to experience infant and maternal mortality.

Lack of health insurance is a big part of the problem. The Commonwealth Fund found that 52 percent of adults in families

making less than \$20,000 a year were uninsured at some point during 2003. Between \$20,000 and \$35,000, it was 35 percent.

Even without insurance, the poor face more hassles than average. The Robert Wood Johnson Foundation found that Medicaid “demands that people accomplish considerable, and detailed, paperwork to qualify.” While people with health insurance from their employers are unfettered by extensive paperwork, Medicaid recipients receive constant requests for “proof of work status, income level, marital status, and level of family in-kind support.”

Like the Bureau County effort, community and faith-based organizations depend on volunteer efforts from doctors or health professionals. Although most doctors fulfill their charity-care responsibilities, the proportion reporting some level of volunteer care slipped from 76.3 percent in 1997 to 71.5 percent in 2001.

Increasing Supply

The Robert Wood Johnson Foundation is the country’s largest philanthropy dedicated to health care. It was endowed in 1972 by Robert Wood Johnson, who built his family business, Johnson & Johnson, into the world’s largest medical products conglomerate. In 2003, the Foundation awarded 927 grants totaling \$316 million. “Our support of health care for the poor is quite substantial,” says David J. Morse, vice president for communications.

The Foundation’s \$12 million “Reach Out” program mobilized 11,000 doctors to improve health care for low-income people from 1992 to 1999. Meanwhile, the program’s 39 nonprofit grantees established partnerships with primary-care providers, hospitals, health departments, and state agencies.

The most common strategy is referral networks, where physicians agree to see a specified number of patients in their own private offices for a reduced fee. Also common are free clinics. Nationwide, there are about 1,000 such clinics, where 200,000 doctors serve around three to 3.5 million patients, according to a report by Volunteers in Health Care, which is supported by Robert Wood Johnson. Some are sponsored by churches, health departments, or hospitals, while others are governed by nonprofit agencies. All of them depend on vol-

unteer and philanthropic support. Volunteers in Health Care itself has given grants exceeding \$1 million to 211 clinics.

Although most communities would welcome volunteer clinics, they cannot be stamped out cookie-cutter style. “Philanthropists trying to help should look to their local areas,” says Jim Beckman, chairman of the National Association of Free Clinics. “If there’s a free clinic already, support it. If not, get some local folks together to see what can be done. A clinic will not survive without the support of the community, especially the medical community. They’re the ones who will be supplying your sample medications.

“You have to build from the ground up,” he concludes. “Some clinics are hospital-based, others operate out of a church basement. Some are open once a week, others every day.”

Looking for Models

Project Access in North Carolina’s Buncombe County is one free clinic. Started in 1994 with a grant from Robert Wood Johnson, Access was the brainchild of the Buncombe County Medical Society. With more than 500 participating doctors, it has now served more than 13,000 low-income patients in the heart of Appalachia.

About 15,000 of Buncombe County’s 200,000 residents lack employer-based health insurance and cannot qualify for Medicaid. Most doctors had agreed to see the uninsured but were skittish about attracting too many patients who could not pay their bills.

Recognizing the problem, the Medical Society proposed a deal. If doctors would accept uninsured patients, the society would cap annual visits at ten per patient. Eighty-five percent of Buncombe County doctors agreed to join. A computerized data system—modernized with support from the Kate B. Reynolds Charitable Trust in Winston-Salem—tracks all visits and referrals.

With the doctors “in,” Project Access then secured commitments from local hospitals to provide specialized services such as x-rays and physical therapy. Hospitals were eager to participate because they were being drained by unnecessary

Although most communities welcome volunteer clinics, they can’t be stamped out cookie-cutter style.

In Project Access, patients are required to promise they will take care of their health and not overuse the system.

emergency-room visits from the uninsured. Project Access also persuaded the county government to subsidize prescription drugs for \$350,000 a year. The county was happy to participate, because it was already shelling out \$600,000 a year for indigent care. Finally, Project Access persuaded pharmacists to waive dispensing fees and high mark-ups on drugs. As for the patients, they are required to sign a personal-responsibility covenant promising they will take care of their health and not overuse the system.

In 1998, Project Access received a \$100,000 “Innovations in American Government” award from Harvard’s Kennedy School of Government, the Ford Foundation, and the Council for Excellence in Government. In 2002, the American Project Access Network was formed to duplicate the effort in other locales. Similar operations have been seeded in Austin, Dallas, Raleigh, Spokane, Wichita, and 21 other cities.

ROBERT WOOD JOHNSON’S LOCAL INITIATIVES FUNDING PARTNERS PROGRAM

Through its Local Initiatives Funding Partners (LIFP) Program, the Robert Wood Johnson Foundation provides up to \$500,000 in matching funds to support innovative, community-based projects to improve health or health care for vulnerable populations. To be eligible, a nonprofit must be nominated by a local grantmaker.

Since 1988, Robert Wood Johnson has collaborated with more than 1,200 local grantmakers to fund 244 projects. It has awarded \$79 million in LIFP grants, all matched by funds from local funding coalitions.

For more information about LIFP, visit its website at <http://www.lifp.org/html/apply/cfp.html>.

Alan McKenzie, president of the Network, emphasizes the difficulty of duplicating such efforts in other locales:

The greatest unmet potential for philanthropy in America today is in replicating successful models. Philanthropists always want to invent the prototype, but the importance of invention is overemphasized. A much more difficult task is taking something that worked once and duplicating it in other places. It's hard to realize an original vision. But it's just as hard to do it again with a completely different set of players.

Another model network of free clinics has been built in the Orlando, Florida area. The privately funded, nonprofit Shepherd's Hope health care centers are sponsored by several local churches. Their more than 600 volunteers care for thousands of low-income, uninsured persons in an economy dominated by seasonal tourism. Shepherd's Hope won a Manhattan Institute Social Entrepreneurship Award in 2002 and has received support from the Robert Wood Johnson Foundation, the Dr. P. Phillips Foundation, and other local foundations.

Divinity-driven Doctors

The Christian Community Health Fellowship is a national resource for doctors and health-care professionals, specifically those who help low-income patients out of a commitment to their faith. Born in the 1970s, the Fellowship was an outgrowth of the Christian ministries work of John M. Perkins in the area of Jackson, Mississippi. Perkins started with a newsletter, "Health & Development," which eventually grew into a network of 6,000 healthcare professionals and community leaders. Members eventually met in Atlanta and formed a national organization in 1982.

The Fellowship sponsors conferences, seminars, publications and networking opportunities for doctors and medical students looking for ways to serve the poor. In 2000, the Fellowship received a Best Practice Program grant from HHS's Bureau of Primary Health Care, which led to a \$1.2 million grant from the Compassion Capital Fund for building community- and faith-based medical centers.

"With the Compassion Capital money, we've been able to

distill what we've learned in 20 years into a presentation we can give in two-and-a-half days," says project director Jerry Stromberg. "We're currently hoping to extend our effort."

Unfortunately, in October 2004, a federal judge ruled that a Fellowship-funded based health-care program run by the Montana Office of Rural Health was an impermissible government advancement of religion. The state did not appeal the decision. The Freedom from Religion Foundation in Madison, Wisconsin, which brought the challenge to court, also filed a similarly successful suit against the government-funded Minnesota Health Faith Consortium.

Appealing to Faith

The Robert Wood Johnson Foundation has invested in faith-based organizations on a large scale. In September 1999, it announced a \$100 million expansion of its "Faith in Action" program. The seven-year initiative eventually hopes to establish 2,000 medical centers. "It's our biggest effort with faith-based organizations," says Ann P. Pomphrey, a program associate. Between 1993 and 1999, Faith in Action awarded \$25,000 grants to 1,091 volunteer-based programs. A follow-up study in 2003 found that 62 percent of them survived beyond their Robert Wood Johnson funding.

Many health specialists believe that volunteer clinics are a much more promising strategy than trying to force expanded insurance coverage, probably through government policies. "We've been trying for a decade to forge a policy that will achieve universal insurance coverage with no immediate prospects of success," says Grace-Marie Turner, founder and president of the Galen Institute, in Washington, D.C. "Meanwhile, free clinics are a wonderful resource to help people here and now."

The Demand Side: Empowering Poor Patients

Many volunteer efforts have turned to empowering poor patients. In Muskegon County, Michigan, a survey discovered that 64 percent of small businesses found it too costly to provide health insurance. Overall, the county had 17,000 uninsured residents. In 1999, the nonprofit Muskegon Community Health Project created Access Health, designed to provide insurance to people working in small businesses. The effort was seeded with \$3.7 million from the W. K. Kellogg Foundation in Battle Creek.

Under Access Health, the employer and employee each pay 30 percent of the insurance premiums (about \$46 a month each). The remaining 40 percent is covered by a “community share” drawn from Medicaid, provider contributions, and philanthropy. “We have to involve patients,” says Vondie Moore Woodbury, executive director. “We didn’t want just another entitlement program.”

Access contracts with local doctors and hospitals to provide basic and specialized care. New customers are enlisted by local insurance agents donating their time. The only ones eligible are businesses that pay less than \$11.50 an hour in wages and workers who have been uninsured for over a year. Last year 430 businesses and 1,100 individuals joined. Woodbury estimates the program has reduced the number of uninsured in the county by 25 percent.

“Kellogg was always flexible,” says Woodbury. “‘Just try something,’ they said. ‘If you succeed, it’s wonderful. If you don’t, we’ve learned.’ They are the true venture capitalists of the philanthropy sector.”

To duplicate the Muskegon effort, Kellogg is funding both the Center for Advancing Community Health in Okemos, Michigan, and the Communities Joined in Action Campaign, in Olympia, Washington. “We get volumes of calls asking about our program,” said Woodbury. “The first thing we say is, ‘It only works here because the community is committed.’ You can’t just arrive with some software and say ‘Here, do it.’ You have to have local people committed to making it work.”

Looking to Labor

In Brooklyn, New York, labor organizer Sara Horowitz has founded “Working Today,” a truly innovative approach to health insurance. Organized through the Freelancers Union, Working Today offers portable health benefits to actors, writers, software designers, and other self-employed people working on a project-to-project basis. “Nannies and cab drivers are next,” says Horowitz.

Like Access Health, Working Today offers one essential

Invention is overemphasized.

The great unmet potential of philanthropy lies in replicating successful models.

product—a bare-bones health plan costing \$235 per month, which is about \$200 below most private plans. Members agree to go only to certain union clinics, which, Horowitz notes, were underutilized anyway. “You have to be pragmatic,” she says. “Health-policy people have to take off their charity hats and ask, ‘What can poor people truly afford?’” With 3,500 enrollees, Working Today hopes to break even by 2006.

For her efforts, Horowitz won a 1999 “MacArthur Genius Award,” given by the John D. and Catherine T. MacArthur Foundation in Chicago. Working Today also won a Social Entrepreneurship Award from the Manhattan Institute in 2003.

Still, Horowitz finds it difficult to attract philanthropic support. Initial funding came from the Ford Foundation, but only for the organization’s workforce-development efforts, not its health insurance policy. “To say no one is interested is to put it mildly,” she says.

Public Policy

As many commentators have pointed out, American health coverage is distorted by a tax policy that favors people who obtain insurance through their employers. Health benefits are not taxed, even though they obviously constitute a form of compensation. This write-off is worth \$200 billion a year to workers. Those who don’t receive insurance from their employers—the self-employed and the unemployed—are not similarly exempted from taxation of the money they spend on insurance.

Most major proposals to expand health coverage rely on extending the same tax credit to people not insured by employers. “This is basically the scheme that the first President Bush offered in 1992” and that his son is, in smaller form, offering today, says Matthew Miller, author of *The 2 percent Solution: Fixing America’s Problems in Ways Liberals and Conservatives Can Love*. “It’s the same general idea Bill Bradley proposed in 2000 and that policy gurus from shops as diverse as the conservative Heritage Foundation and the centrist Democratic Leadership Council have been refining for a decade. Although tax subsidies are not a perfect tool...this scheme offers the most realistic way to get both parties to join in a push to right this enduring wrong.”

One perennial proposal is Medical Savings Accounts

(MSAs) in which individuals would be allowed to put aside tax-free money for medical expenses. Routine costs are paid in cash. Catastrophic coverage comes with a high-deductible policy, purchased with tax-free savings. Unspent balances can be rolled over year to year. Such accounts can be carried from job to job and even into unemployment. Under the 2003 Medicaid Reform Act, people under 65 can qualify for an MSA if they purchase adequate coverage with a \$1,000 deductible (\$2,000 for families). The Galen Institute has even suggested these tax credits be refundable, like the Earned Income Tax Credit.

Many believe volunteer health clinics are a far more promising strategy than trying to force expanded insurance coverage.

Stuart M. Butler, vice president of the Heritage Foundation, suggests revoking the federal tax credit altogether and using the funds to help low-income families buy insurance with MSA savings. “The credit could go directly to the insurer, eliminating any tax forms and leaving only the balance of the premium—if any—to be paid by the individual or family,” says Butler. He also suggests allowing poor people to join programs similar to the Federal Employee Health Benefits Program.

The Federal Benefits Program is the world’s largest employer-sponsored health-insurance program, with 9 million enrollees. Each year members choose among 350 plans. During “open season,” Washington, D.C. residents are annually subjected to a barrage of advertisements and solicitations from dozens of insurance plans urging federal workers to switch enrollment. This competition, of course, keeps benefits high and prices low. Unfortunately, only federal employees qualify.

The Federal Employees Health Benefits Program has created a truly competitive, consumer-oriented healthcare market in at least one place: Washington, D.C. Outside government enclaves, however, community-based efforts such as Project Access, Access Health, and the Freelancers Union are making headway. They are seeding dynamic efforts to form free clinics, encourage volunteer providers, devise novel insurance programs, and empower low-income patients to gain access to the world’s best healthcare system.

It is a marvelous opportunity for philanthropy.

III

Reinforcing Personal Responsibility Among the Poor

The callus between Napoleon Webb's right thumb and forefinger was only a little smaller than the smile on his face. Tough and thick from mopping floors at the homeless shelter, Webb's hands were a mark of pride.

"I'm left-handed, and I guess it has something to do with the way I sweep," he explains, definitely glad to be asked. Because of the callus, the middle-aged Webb's sweeping days were almost over. He was in his last month at the Doe Fund's innovative work program, Ready, Willing & Able (RW&A). Having finished nine months of training, he would soon transfer to another Doe enterprise, Pest@Rest.

In 1989, RW&A landed its first city contract under New York Mayor Ed Koch. Since then it has "graduated" 1,500 formerly homeless adults, mostly males with substance-abuse problems who have spent time in prison. Private employment is mandatory, and graduates must pay for their own apartment. According to Doe, approximately 67 percent are still privately employed a year after graduation.

In addition, RW&A offers counseling, classes, life-skills workshops, plus access to Alcoholics and Narcotics Anonymous. Participants must undergo twice-a-week drug testing. They earn up to \$6.50 an hour but must pay \$65 a week in rent and put another \$30 into a savings account. Upon graduation, Doe matches their savings. "We have rules," says Doe founder and president George McDonald. "This is not just a place for free beds."

"The regular urine test might shock liberals, but it's basic to our success," says Isabel McDevitt, Doe's director of community affairs. "We love them enough to believe they can stay clean."

As with most arrivals, Webb's first job was cleaning the

streets and sidewalks on which he used to sleep. As part of its Community Improvement Project, RW&A contracts with the city government, local Business Improvement Districts, community trusts, and neighborhood associations. Its workers clean more than 100 miles of New York streets every week.

After gaining experience, Webb began to drive the vans that transport the work crews. Other advanced positions include housing rehabilitation, meal preparation, mailroom duties, and data entry. Now he wears the bright blue uniform of Pest@Rest. “There’s a lot you have to know,” explains the bespectacled Webb, finishing his lunch at Doe’s 400-bed Peter Jay Sharp Center for Opportunity in Brooklyn.

At the next table, Stanislaw Roszczeda and Joseph Quow are wearing the morale-building RW&A jumpsuits with an American-flag patch on the shoulder. They are glad to extend their lunch break on a rainy day. Roszczeda and Quow’s hands are not yet callused, even though they are five months into the program. They are both about Webb’s age. They have been in other homeless shelters but prefer RW&A. “You get a job so you can have some money,” says Roszczeda with a Czech accent.

“This place gets you somewhere,” adds Quow, who hails from the West Indies. “After six months, you’ve got a good résumé.”

“Other shelters are drug-infested, and there’s robbing and stealing,” says Stanley Bristow, a graduate now employed as a Doe driver. “I did three-and-a-half years in prison for dealing drugs, but this place has gotten me a commercial driver’s license. Someday I hope to drive a city bus.”

Programs that emphasize personal responsibility are enormously effective in helping the poor.

Personal Responsibility Motivates

Programs that emphasize personal responsibility are enormously effective in helping people to help themselves. “I always thought it was sad how we treated poor people,” says Joanne Beyer, former president of the Scaife Family Foundation. “We had such low expectations. But personal responsibility does work.” Religiously based programs seem particularly good at fostering people’s inner dignity, giving them the strength they need to confront life. Helping people to help themselves means changing souls.

A GHANAIAN CABDRIVER ON FREEDOM & RESPONSIBILITY

The material structure needed to solve the poverty problem is already in place: an economy that for two decades has multiplied jobs at every skill level; a universal, free educational system from kindergarten to college that spends some \$5,500 per pupil each year and needs only to be directed to teach and to discipline; and an open society that allows anyone to better his condition by his own efforts. A Ghanaian cabdriver in New York recently summed it up when he said, after contemptuously bawling out an able-bodied panhandler who'd tried to beg from him at a red light: "They have freedom, and they don't know what to do with it."

It's as if the rich and poor are under a spell of malign enchantment. The poor already have the strenuous but genuine opportunity for escaping poverty, but they lack the inner resources to embrace their chance. The rich believe that the degraded condition of the worst-off is an indictment of their society and, ultimately, of themselves. But they can't see that the required solution is for the poor to take responsibility for themselves, not to be made dependent on programs and exempted from responsibility. Nor can they see that their own spiritual malaise comes from the erosion of the most cherished mainstream values in the course of the effort to rescue the worst-off.

For the breakdown of the poor to be healed and the moral confusion of the Haves to be dispelled, we need above all to repair the damage that has been done to the beliefs and values that have made America remarkable and that for two centuries have successfully transformed the huddled masses of the poor into free and prosperous citizens. The soul of American society isn't an ancient dynasty, or racial homogeneity, or immemorial rootedness in an ancestral fatherland, or welfare paternalism, but an allegiance to a few fundamental ideas. The principles on which our society was built must once again inform our public life, from social policy to school curricula: that everyone is responsible for his or her actions; that we believe in freedom under the rule of law; and that we enforce the law scrupulously in all neighborhoods; that the public, communal life is a boon,

not an oppression; that everyone has equal rights, and rights belong to individuals, not groups; that we are free to shape our own fate.

From Myron Magnet, The Dream and the Nightmare: The Sixties' Legacy to the Underclass (Encounter Books, 2000).

Black Pride

To Robert L. Woodson of the National Center for Neighborhood Enterprise in Washington, D.C., personal responsibility is a matter of black pride. “Conveniently airbrushed from the portrait of black America are the remarkable models of self-help—accomplishments of black entrepreneurs and mutual aid societies even during years of the most brutal racial repression and slavery,” Woodson says. Personal responsibility and entrepreneurship “could provide today’s youths with the pride in their heritage and an adaptable model that could guild their futures.” Woodson catalogues many such accomplishments in his book *The Triumphs of Joseph: How Today’s Community Healers Are Reviving Our Streets and Neighborhoods*.

Glenn Loury, an African-American scholar at Boston University, agrees. The “fundamental assumption” behind our political discourse on poverty is that the problems of the poor only involve material issues, yet such a limited debate fails “to engage questions of personal morality, and...character and values.”

“We are going to have to look...to nongovernmental agencies of moral and cultural development in particular communities to take on the burden of promoting behavioral change,” he adds. “They seek to shape the ways in which individuals conceive of their duties to themselves, of the obligations owed mutually one to another, and, indeed, of their responsibilities before God.”

The solution to poverty is for the poor to take responsibility for themselves, not to be made dependent on programs.

CHANGE FOR THE BETTER

In *The Dream and the Nightmare*, “I argued that it was the larger culture’s change in values that trickled down and licensed irresponsibility,” *City Journal* editor Myron Magnet said in April 2004. “We’ve seen the consequences of this in the middle class and among the poor.” Beginning in about 2000, though, “The change in elite behavior we see is decisive,” he said, optimistically citing work by Kay Hymowitz in *City Journal*.

In “It’s Morning After in America” (spring 2004), Hymowitz details a measurable

change in cultural beliefs percolating throughout American society, from the elites to the underclass. Fed up with the fallout from the reign of “if it feels good, do it”—not only as it played out in the inner city but in troubled middle-class families across the land—Americans are looking more favorably on old-fashioned virtues like caution, self-restraint, commitment, and personal responsibility. They are in the midst of a fundamental shift in the cultural zeitgeist that is driving so many seemingly independent trends in crime, sex, drugs, and alcohol in the same positive direction.

Indeed, as she highlights, youth violence is down, student drug use is down, teens’ reported “family problems” are down, teen pregnancy rates are down, college freshmen’s interest in raising a family is up, and their political views are becoming more conservative.

“We’ve had our fling with all those ideas” that encouraged irresponsibility, Magnet said. “We saw the consequences, and we were horrified. There’s every reason to be hopeful. Things are better. They really are.”

As for those who helpfully pointed out the problem, and those who philanthropically helped them, “We’ve had a big effect here,” he said. “We really ought to pat ourselves on the back here.” He urges donors to “preserve that which makes America great, and support those who are doing so,” and cites as examples the promotion of the study of history in high schools around the country by the nonprofit Gilder Lehrman

Institute of American History in New York and Richard Gilder's and others' support of the nonprofit Central Park Conservancy in its successful efforts to bring dignity back to Central Park by restoring its monuments and landscape.

Myron Magnet, editor of *City Journal*, argues that all that is lacking is motivation. "The poor already have the strenuous but genuine opportunity for escaping poverty, but they lack the inner resources to embrace their chance," he says. "The required solution is for the poor to take responsibility for themselves, not to be made dependent on programs and exempted from personal responsibility." Magnet's seminal book, *The Dream and the Nightmare: The Sixties' Legacy to the Underclass*, is considered the seedbed of President George W. Bush's "compassionate conservatism."

Magnet is a conservative. George McDonald is a liberal. Traveling different roads, they have arrived at the same conclusion.

Doing More

McDonald's Doe Fund, created in 1985, now runs three shelters in New York and another in Jersey City. Its supporters include the Pew Charitable Trusts, the Clark Foundation, the Peter Jay Sharp Foundation, the Starr Foundation, the Marvin and Donna Schwartz Foundation, the Carson Family Charitable Trust Fund, and the Achelis and Bodman Foundations.

The Fund was named after a homeless woman known only as Mama Doe who froze to death on Christmas Eve in 1985 after the police locked her out of Grand Central Station. In the early 1980s, McDonald had befriended Doe while spending 700 consecutive nights handing out food to the homeless in and around Grand Central. When he saw her picture in the *New York Daily News*, she was wearing a scarf he'd given her. "I suddenly realized giving away food and clothing wasn't enough," he says. "I had to do more."

Educated in Roman Catholic schools, McDonald helped run Senator Ted Kennedy's 1980 campaign for President. Through the 1980s, McDonald repeatedly ran for Congress as a forceful advocate for the homeless. He never won. In 1989 he became a member of Mayor David Dinkins' Commission

on the Homeless, helping chairman Andrew Cuomo write the final report. The document—which became quite controversial—concluded that most single adults were in New York homeless shelters not because they lacked housing, but because of drug addiction, mental illness, and other dysfunctional behavior. The report recommended more shelters along the Doe model, balancing “rights and responsibilities.” When Cuomo became U.S. Secretary of Housing and Urban Development under President Bill Clinton, he contracted with Doe to work with him on homelessness.

“What made this country?” asks McDonald rhetorically. “Whatever your background, you can make it here if God blesses you with the ability. All we offer at Doe and RW&A is opportunity. We serve the hardest of the hard. And it works. When they’re finished, all they need is a program called ‘America.’”

Conservatism with Compassion

Along with Magnet, the principles of compassionate conservatism have been well articulated by Marvin Olasky, a University of Texas journalism professor, in his book *The Tragedy of American Compassion*. “To renew American compassion, we must stop talking about ‘the poor’ as an abstract phenomenon haunting society and start talking in practical, ground-level, concrete, individual terms about how to help,” Olasky writes in his latest book, *Renewing American Compassion*. “By putting people to work, effective compassion helps create workers. By giving applicants something to care for, it helps create people who care. By treating people as unique individuals, it helps restore humanity and dignity.”

Introducing people to the dignity of work, says Olasky, makes them stakeholders in society. “One applicant who completed a tough program summarized what his new home meant to him: ‘We are poor, but we have something that is ours. When you use your own blood, sweat, and tears, it’s part of your soul. You stand and say “I did it.”’

“To renew American compassion,” Olasky concludes, we must give “with our heads as well as our hearts.”

Databases and Donors

The Acton Institute for the Study of Religion and Liberty in Grand Rapids, Michigan, publishes a valuable *Guide to Effective Compassion*. The Institute now hosts an online database of nonprofits that adhere to the Olasky principles. Its new Center for Effective Compassion will grant an annual Samaritan Award to the nonprofit that best exemplifies its principles. “I love accountability,” says director Karen Woods. “It’s an opportunity to put your faith into action.” In 2003, the W. H. Brady Foundation awarded the Center a grant of \$1 million to expand this work.

Another Olasky-inspired organization is the Center for Renewal in Houston. Founded by Barbara Elliott, a former journalist and Reagan White House staffer, the Center offers leadership training and technical assistance to faith-based nonprofits, serving as an intermediary between grantees and donors. Intermediaries like the Center “also perform the valuable service of identifying community problem-solvers that policymakers and philanthropists may not know,” says Amy L. Sherman, a senior fellow at the Hudson Institute.

Another online clearinghouse is the Faith and Service Technical Education Network, funded by Pew and run by the Sagamore Institute for Policy Research in Indianapolis.

Earned by Exercise

Personal responsibility is also the key to maintaining marriages and family life, which are critical for raising people up from poverty and keeping them self-reliant and flourishing. When seeking to give money to help the poor, the first question philanthropists should ask is, “What does this program do to promote personal responsibility?”

When seeking to help the poor, the first question donors should ask is, “What does this program do to promote personal responsibility?”

IV

Helping the Poor by Preventing Crime

“On Tuesdays, Mr. James teaches us about mechanics, you know, cars and trucks and stuff,” says then-14-year-old Vernon Clemons, standing in front of one of the District of Columbia’s most dangerous housing projects on a summer afternoon.

“Most kids around here know how to steal cars. But Mr. James shows us how to fix them.”

“Most kids around here know how to steal cars,” Clemons admits. “But Mr. James shows us how to fix them.” Across the street, an excited group of youngsters is running through the spout of a fire hydrant. On the terrace of the apartment building, other kids are playing drums. Plaintively watching all this is the family of a

young man murdered earlier that month.

“And what do you do on Thursdays?” Curtis Watkins of the East Capitol Center for Change prompts Clemons. The Center, which Watkins founded in 1998, is in one of the District’s worst neighborhoods for murder, rape, and violence. (The cab driver who brought me said he’d never make the trip after dark.) Clemons replies, “On Thursdays, we gather up kids and go places around town, just trying to keep them out of trouble. On Sundays, we protect other people’s cars while they’re in church.”

“In these communities, the younger kids’ biggest idol is the drug dealer,” confides Watkins later. “If you want an ice cream, he gives you a dollar. Naturally you look up to people with money and status. My job is finding ways to change this,” he adds resolutely.

Asked if *he* knows how to steal a car, Clemons says no. He’s probably fibbing. When I later ask Clemons’ father whether his son knows how to steal a car, he laughs. “Of course he does,” he replies. “But he wouldn’t.”

False Theories of Crime

From 1965 to 1995, America experienced the biggest crime wave in its history. In 1963, murder rates stood at 4.9 per 100,000, having descended steadily from a high of 9.3 at the height of the gangland era of the 1930s. After a series of crucial decisions by the U.S. Supreme Court, plus the suspension of the death penalty, crime rates began to skyrocket. Murder reached 10.1 per 100,000 in 1972, set another all-time peak of 10.7 in 1980, and then peaked again a third time at 10.5 in 1991.

Then murder rates began to plummet. From the peak of 1991 they fell to 9.6 in 1993, 7.7 in 1996, 6.4 in 1999, and by 2003 had descended to 5.6, the same level as 1966.

What happened? In the late 1950s and early '60s, two new explanations of crime took hold among criminologists: "deviance" theory and "opportunity" theory. Deviance theory said criminals were just oddballs who had a hard time conforming to society's norms. In principle, they were no different from beatniks or other outsiders who consciously rejected society's traditions. One textbook likened criminals to jazz musicians. People only became criminals because they were "labeled" so by society. Putting them in jail, the theory went, hardened these attitudes and turned oddballs and nonconformists into real criminals.

Opportunity theory argued that the poor, juveniles in particular, had the same personalities and ambitions as everyone else, but lacked legitimate opportunities for fulfilling these ambitions. Going into crime was just a lower-class way of going into business. Only when society provided everyone with the same opportunities as the middle class had achieved would crime cease.

The upstart of such theories was a simple formula: "Poverty causes crime." Criminals were just like everyone else, except they were poor and misunderstood. Trying to punish them only makes things worse, by labeling them as outsiders, misfits, and antisocial personalities. After bouncing around academia for a decade, these ideas suddenly emerged full-blown in the 1968 Report of the President's Commission on the Causes and Prevention of Violence:

To be a young, poor male; to be undereducated and without means of escape from an oppressive urban

environment; to want what the society claims is available (but mostly to others); to see around oneself illegitimate and often violent methods being used to achieve material success; and to observe others using these means with impunity—all this is to be burdened with an enormous set of influences that pull many toward crime and delinquency. To be also a Black, Mexican or Puerto Rican American and subject to discrimination adds considerably to the pull.

This trend of thought produced the “deprisonization” movement, which shortened sentences, substituted probation and parole, and in some cases did away with prison altogether. As political scientist James Q. Wilson pointed out a decade later, by 1972, crime rates had tripled, yet there were fewer people in prison than in 1964. Clearly, the theory that keeping lawbreakers out of prison would reduce crime was disastrously wrong.

Unfortunately, from the 1960s onward, the federal government cut back on traditional law enforcement and instead tried to tackle crime through new social programs and greater welfare spending—the “War on Poverty.” This crusade, too, was based on the theory that the poor are no different from the rest of us, they just have less money. Give them money and these differences will disappear. By 1990, a trillion dollars had been spent on Great Society programs, yet crime rates were still at astronomical levels. As Ronald Reagan put it, “In the war on poverty, poverty won.”

Victims of the War

Worst of all, the poor suffered most from these misguided theories, which had devastating effects on their neighborhoods. As crime policy expert Eli Lehrer notes, “Compared to the middle class, the poor fall victim to nearly six times as many rapes, more than twice as many robberies, almost double the number of aggravated assaults, and half again as more acts of theft. Crime is, in short, an inversely progressive tax.”

The biggest impact was on small neighborhood businesses, which are acutely vulnerable to burglaries and armed robberies. “Businesses are driven from crime-ridden neighborhoods, taking jobs and opportunities with them,” observed U.S. Attorney General William P. Barr, speaking after the 1992

Los Angeles riots. If businesses did stay, they were forced to spend extraordinary amounts of money on security measures.

A Better Theory of Crime

The cycle was finally broken only with the publication of James Q. Wilson and George Kelling's article "Broken Windows," which appeared in the *Atlantic Monthly* in 1982.

"Broken Windows" arose out of an experiment in Newark, sponsored by the Police Foundation, with Kelling as director of research. (Created in 1970s, the Police Foundation would receive \$44 million in support from the Ford Foundation over the next 25 years.) "Social psychologists and police officers tend to agree that if a window in a building is broken and is left unrepaired, all the rest of the windows will soon be broken," wrote Kelling and Wilson, in what became a famous beginning:

The murder rate peaked in 1972, then again in 1980, and yet again in 1991. Then—not by accident—murder rates began to plummet.

This is as true in nice neighborhoods as in rundown ones. Window-breaking does not necessarily occur on a large scale because some areas are inhabited by determined window-breakers whereas others are populated by window-lovers; rather, one unrepaired broken window is a signal that no one cares, and so breaking more windows costs nothing.

The same problem occurs with all minor public disorders, said the authors. Loitering, littering, panhandling, public drunkenness, and vandalism are all the precursors of additional crime. Once panhandlers, drunks, and drug addicts rule the streets, larger violations become not just feasible but almost inevitable. To forestall major offenses, the police must "fix broken windows"—that is, not tolerate minor breaches.

"We discovered that we could impact more serious crimes through quality-of-life policing—'weeding of the garden,' so to speak," says William J. Bratton, who served as New York Mayor Rudy Giuliani's police commissioner and is now chief of police in Los Angeles. Bratton has introduced the same tactics in Los Angeles, and other cities have followed as well. The

result has been a dramatic drop in national crime, although nowhere have rates fallen as dramatically as in New York.

The Chicago Police Department has developed a “Community Alternative Policing Strategy,” where teams of police officers are given long-term assignments in each of the city’s 279 beats. Citizens then voice their concerns to the police at regular “beat meetings.” “Attendance rates are especially high in poor areas with bad housing, high levels of crime, and poor schools,” says Wesley G. Skogan, author of *Disorder and Decline: Crime and the Spiral of Decay in American Neighborhoods*, who is studying the results with the help of the John D. and Catherine T. MacArthur Foundation.

Other groups conducting independent evaluations of “broken windows” policing efforts include the Police Foundation, Kelling’s Police Institute at Rutgers, the Manhattan Institute’s Center for Civic Innovation, and the University of Wisconsin’s Center for Problem-oriented Policing. The Wisconsin Center gives out the annual Herman Goldstein Excellence in Problem-oriented Policing Award. The National Crime Prevention Council and the Sagamore Institute for Policy Research are likewise researching crime control.

Police and Pastors

The Reverend Eugene Rivers III is an example of how public-spirited leaders can join the effort. Rivers is pastor of Boston’s Azusa Christian Community and co-founder of the Boston Ten Point Coalition, an anti-violence, youth-development partnership between police and clergy in Boston’s Roxbury neighborhood. Rivers calls his program “Broken Windows Plus.”

The effort sprang to life in 1992 after 15 members of a Roxbury gang invaded the funeral of a young murder victim and stabbed a rival gang member right beside the coffin. The youth survived, but Rivers had had enough. He began leading his congregations out onto the streets to speak to gang members about drugs and prostitution. The Reverends Ray Hammond of the Bethel AME Church in Dorchester and Jeffrey Brown of the Union Baptist Church in Cambridge soon joined him.

“Until then, most African-American clergy leaders in Boston had been following separate agendas,” say Harvard professors Jenny Berrien and Christopher Winship, whose study of the program was funded by the Smith Richardson Foundation.

At that point, they came together. Within months, 50 churches had formed the Ten Point Coalition, named after their ten-point plan for reducing crime. Besides calling on more church members for one-on-one encounters, the plan created summer recreation programs, literacy mentoring, and assistance with drug abuse.

Bratton, who had moved to Boston to become chief of police, was eager to participate. After several top-level meetings, the police and the churches declared Operation Ceasefire, which created solid lines of communication between the two, even though some clergy had previously been hostile.

The Ten Point Plan “changed the way the police (and other elements of the criminal justice system) and Boston’s inner-city community relate to each other,” write Berrien and Winship. The coalition

achieved a balance between the community’s desire for safe streets and its reluctance to see its children put in jail, and in doing so it has created what we call an umbrella of legitimacy for police efforts to prevent and control crime.

Operation Ceasefire “refused to accept that violence was inevitable,” adds David Kennedy of Harvard’s John F. Kennedy School of Government. “It used enforcement as sparingly as possible, and combined it with services and the moral voice of the community in a commonsense but utterly original fashion. It met with deep community approval.” Says Rivers: “Nine out of ten kids who get into trouble with the law are generally pretty good. I tell the police they can have the one if they give me the other nine.”

In what became known as “the Boston Miracle,” no one under age 17 was killed in the city between 1995 and 1998, in large part because of Operation Ceasefire. Previously, the average rate of homicide for victims under 25 was 3.6 per *month*. During Operation Ceasefire, it declined to 1.3. Unfortunately, since the all-out effort ended, youth homicides have climbed again.

The theory that keeping lawbreakers out of prison would reduce crime was disastrously wrong. And this misguided view harmed the poor most of all.

Rivers went on to found the National Ten Point Leadership Foundation, which is trying to extend the Boston model to other cities. The Ford Foundation and the Annie E. Casey Foundation in Baltimore have supported the effort. The Leadership Foundation offers seminars and instructional material, annual conferences, and visits to Ten Point headquarters in Boston. While programs vary from city to city, all focus on partnerships between the police and faith-based institutions.

To forestall major offenses, the police must not tolerate minor breaches.

In Philadelphia, for example, Public/Private Ventures has launched the National Faith-Based Initiative for High-

Risk Youth to see if other faith-based institutions can duplicate the Boston experience. The Initiative has programs in Baton Rouge, Brooklyn, Cleveland, Denver, Detroit, Oakland, Philadelphia, Seattle, and several other cities. Funders include the Ford and Casey Foundations, the Atlantic Philanthropies, the Vira I. Heinz Endowment in Pittsburgh, the Charles Hayden and Pinkerton Foundations in New York, the Stuart Foundation in San Francisco, and the U.S. Department of Justice's Office of Juvenile Justice and Delinquency Prevention.

The National Faith-Based Initiative "reminds us that the universe of institutions that can work with high-risk teens is not necessarily fixed," says a report from Public/Private Ventures. "In this program, justice agencies and congregations—two agencies that are often viewed to be at the margins of the service-provider community—stepped up to the challenges of assisting teens who need a second chance."

Another Murder Too Many

Five years after the church stabbing in Roxbury, another 12-year-old boy was murdered in the Benning Terrace Housing Project in Washington. The boy's body was found in a ravine seven blocks from home. He was killed by a bullet through the back of his head, "execution-style." In the wake of the murder, Robert L. Woodson's National Coalition for Neighborhood Enterprise teamed with the Alliance of Concerned Men to try to quell the violence.

The Alliance began as a loose coalition of friends who attended Washington's Eastern High School in the 1960s.

Some had been in trouble with the law, others had stayed clean. By 1991, however, they were all sick and tired of violence and drugs in their neighborhood. “You cannot imagine the challenges we’re faced with,” says Tyrone Parker, one of the founding members. “It’s like facing a mudslide.”

After the Benning Terrace murder, the Alliance of Concerned Men began walking the streets and seeking out gang members. They talked freely with them, trying to win their confidence. The group then invited the gangs to a negotiating table at the National Center. At the first meeting, youths as young as 12 attended in bulletproof vests, says Woodson, who recounted the experience in his book *The Triumphs of Joseph*. “Over the next two weeks, however, “the youths came together several more times, and gradually began to open up.” The next step was a peace pact. As the settlement took hold, crime declined dramatically. Soon, residents were proclaiming the neighborhood had not been so alive since the 1960s.

Woodson and the Alliance persuaded the D.C. Housing Authority to give jobs landscaping the projects and cleaning up graffiti to Benning Terrace youth. The youths worked in teams that deliberately included members from each gang. Soon, the rival squads were calling themselves the Concerned Brothers and Sisters of Benning Terrace.

Since this remarkable success, Woodson’s group has initiated a national Violence Free Zone effort. Projects have been started in Birmingham, Chicago, Dallas, Hartford, Houston, Indianapolis, Los Angeles, Milwaukee, San Antonio, and Youngstown, Ohio. “We basically take a common-sense approach that everyday people would apply in their own lives and institutionalize it,” says Woodson. Supporters include the Annie E. Casey and Harry and Jeanette Weinberg Foundations in Baltimore, the Achelis and Bodman and William H. Donner Foundations in New York City, and the Marcus Foundation in Atlanta, as well as from the U.S. Department of Housing and Urban Development, the U.S. Department of Justice, and local housing authorities.

In “the Boston Miracle,” no one under age 17 was killed in the city between 1995 and 1998.

Boys and Girls Clubs Against Crime

Another group that has experienced a virtual rebirth by trying to cope with gangs and inner-city crime is the Boys and Girls Clubs of America. Dating from 1906, the Boys and Girls Clubs now have 1,700 affiliates around the country serving 2.2 million school-age children. In 1991 Boys and Girls began a “Gang Prevention Through Targeted Outreach” initiative focused on would-be gang members, and a similar Gang Intervention Through Targeted Outreach for existing gangs. Both are designed to lure youth into more constructive activities. They have the support of the U.S. Department of Justice, plus local funding.

“The overarching philosophy of giving youth the same things they seek through gangs—supportive adults, challenging activities, and a place where they feel they belong—appears to be paying off,” said a 2001 study by the Pinkerton Foundation. “Overall, the programs seem to be meeting their goals.”

The Clubs’ Street Smart effort offers a 30-week, small-group curriculum in conflict resolution, resistance skills, and leadership development for youth aged 10 to 13. The Allstate Foundation is supporting the project.

In 1996, Bratton helped found “Fight Crime: Invest in Kids,” an organization of police chiefs, sheriffs, prosecutors, and crime survivors. The group has won support from funders like the Naomi and Nehemiah Cohen Foundation in Washington, D.C.; the Freddie Mac Foundation in McLean, Virginia; the Garfield Foundation in Marion, Massachusetts; the William T. Grant and J. P. Morgan Chase Foundations in New York City; the Charles Stewart Mott Foundation in Flint, Michigan; the David and Lucile Packard Foundation in Los Altos, California; and the Pew Charitable Trusts in Philadelphia. “Serious violent criminals need to be arrested, convicted and locked up,” said Bratton in a 2004 report. “But we can’t simply arrest our way out of the youth crime problem. The ‘one-two punch’ of targeted police enforcement and intensive intervention with children will yield dramatic results.”

Never Too Late

According to the U.S. Department of Justice, there are more than about 3.5 million adults and juveniles in corrective institu-

tions across America. A disproportionate number of these are from urban, low-income neighborhoods. Almost 10 percent of all black men between the ages of 25 to 29 are in prison. Nearly all of them will ultimately be released—630,000 per year, the population of Boston or Baltimore. Another 800,000 are on parole and 4 million are on probation, which is more than the entire prison population. Almost all ex-prisoners and parolees return to their home neighborhoods. Of these, two-thirds will return to prison at some point; one-third for committing another crime, and another third for violating parole or probation. Is it too late to do anything about these offenders?

“The cycle of incarceration and re-entry into society carries the potential for profound adverse consequences for prisoners, their families, and communities,” said a 2004 Urban Institute report, funded by the Annie E. Casey Foundation. “But just as the potential costs are great, so too are the opportunities for interventions that could enhance the public safety, health, and cohesion of the communities at the center of this cycle.”

The Open Society Institute’s After Prison Initiative is one of many efforts dealing with former inmates. “Dealing with re-entry must be a partnership,” says program director Susan B. Tucker. “Penal, social services, health providers, and educational institutions all have to be included.”

Ready, Willing & Able, described in the previous chapter, works with many ex-offenders. Public/Private Ventures’ Youth Violence Reduction Partnership attempts to keep juvenile probationers “alive at 25,” with support from the William Penn Foundation. The Partnership tries to steer participants from violence and set them in productive relationships with responsible adults. The Partnership almost halved the number of murders in two of its three targeted police districts between 2000 and 2003.

Public/Private Ventures also administers Ready4Work, a program that now operates in 15 cities. The program engages businesses, workforce-development agencies, criminal-justice personnel, and faith-based organizations in an effort to help ex-offenders make the transition to employment and community life.

Violent criminals need to be locked up, but we can't simply arrest our way out of the youth crime problem.

On the faith-based front, Prison Fellowship Ministries' InnerChange Freedom Initiative assists new probationers with their re-entry into society. Founded in a Houston prison, the Initiative makes housing and employment referrals and builds connections between offenders and local churches. The hope is that church communities "will provide a nurturing environment for the former prisoners' spiritual growth," says Byron R. Johnson, who runs the Religion and Civil Society Program at the Witherspoon Institute in Princeton, New Jersey.

Building a Left-Right Consensus

"Most people eventually come home" from prison, says the Open Society Institute's Tucker. "It seems obvious we should try to help them, both for their own good and for everyone else's."

Many state and federal agencies are currently grappling with ways to improve re-entry programs. President Bush has proposed using religious organizations. Congress is studying the proposal, as is the National Governors Association, the Council of State Governments, and the federal Bureau of Prisons' National Institute of Corrections. "We've got a broken corrections system," says conservative Republican Senator Sam Brownback of Kansas. "I think this can be a classic compassionate-conservative issue."

Philanthropy has many different points of entry in the effort to deal with crime and set criminals on the proper path. Gang intervention, improved police work, work training, helping inmates make the transfer to society—all offer promising avenues for philanthropic activity. Neighborhood organizations, church groups, nonprofit research foundations—all are in need of financial help. There are still too many broken windows in America.

The one-two punch of targeted police enforcement and intensive intervention with children yields dramatic results.

V

Improving Access to Higher Education

“Her picture’s right up there,” says Laura Botello, a Daniels Scholar at the University of Denver. She points to her older sister, Susana Botello, a student at the University of Northern Colorado in Greeley, among many other 2002 Daniels Scholars.

Laura found out about the Scholars program from her sister, of whom she is obviously quite proud. “I’ve always liked school and made good grades,” she says. “I don’t consider myself smarter than her, but she does. I’m not.”

After starting as a math major, Laura considered switching to journalism after reading a book by television anchorman Jorge Ramos. Then her thoughts turned to law school. “I want to see the world,” she says, with infectious enthusiasm. “I want to learn as much about it as I can.”

Fellow Daniels Scholar Huy Tran has different dreams. After graduating early from the University of Denver, this third of four children from a low-income Vietnamese immigrant family says he wants to work a few years before returning for his MBA. “Unless I start my own business, that is,” he adds. “If it’s really successful, I won’t have time for school.”

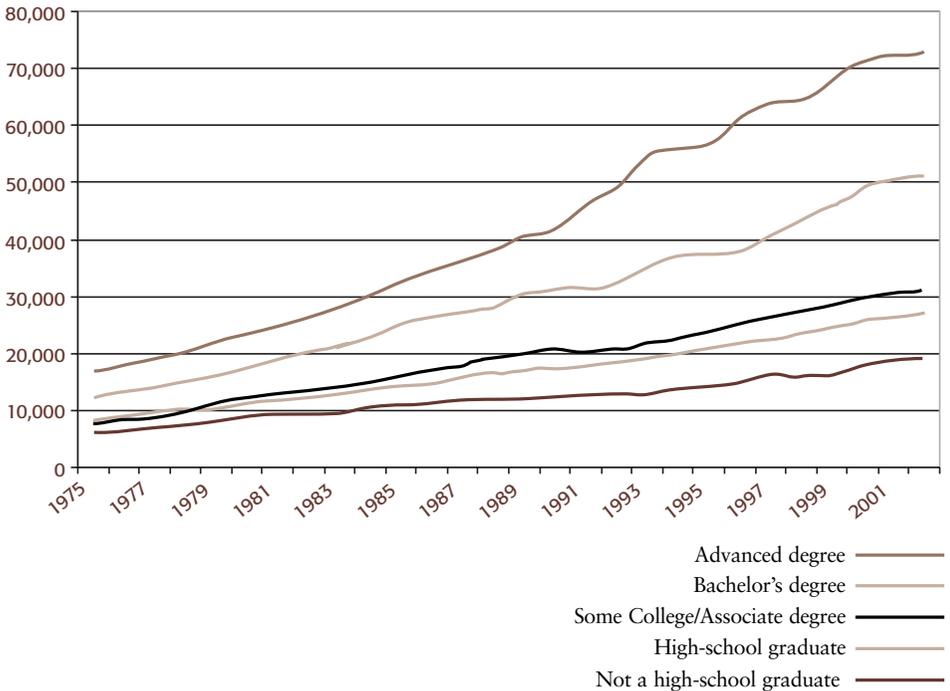
The Daniels Scholars Fund was founded in 1997 by the late Bill Daniels, a Denver cable-television entrepreneur. “We like to find diamonds in the rough,” said Daniels. “You should sit in on these interviews,” says Hank Brown, immediate past president of the Daniels Fund and a former U.S. Senator who recently left the Fund to become president of the University of Colorado. “Most of these young men and women are amazing. We look for people who have faced difficult challenges in their lives and shown grit in overcoming them—the way Bill Daniels did.” Daniels was a U.S. Navy fighter pilot in World War II and the Korean War. He won a long struggle against alcoholism, helped pioneer cable television in America, and was a leading investor in many other media and technology companies.

A Growing Gap

Research indicates that the earnings gap between those who do and do not attend college is steadily widening. People with college degrees “now earn much more relative to high school graduates than they did 30 years ago,” says Kevin Carey, senior policy analyst at the Education Trust in Washington, and the gap for advanced degrees is even wider. The Education Trust focuses on improving higher-education outcomes for low-income and minority students. The effort is supported by a number of funders, including the Atlantic Philanthropies, the Annie E. Casey Foundation, the Carnegie Corporation, the Ewing Marion Kauffman Foundation, the MetLife Foundation, the Bill and Melinda Gates Foundation, the Lumina Foundation for Education, the John D. and Catherine T. MacArthur Foundation, and the Pew Charitable Trusts.

In 2002, people with advanced degrees earned \$72,824, compared with \$27,280 for high school graduates, a 3-to-1

Average earnings of adult workers



ratio, up from 2-to-1 in 1975. Those with bachelor's degrees earned \$51,194, a 2-to-1 ratio, up from 1.5-to-1.

“A bachelor's degree is no longer considered a *potential* stepping-stone to a better life,” says a report by the Center for the Study of Higher Education at Penn State University. “It is fully acknowledged as the *gatekeeper* to a myriad of social and individual benefits.” A College Board survey found the lifetime earnings gap between high school and college graduates now exceeds \$1 million. Vincent Tinto of Syracuse University has found national unemployment rates were 2 percent for college graduates, but 4.2 percent for high-school graduates.

Promoting education isn't just about helping the poor. It's a concern for the entire economy.

The importance of educational attainment will only grow as the economy becomes more knowledge-based. “Preparing students so that they can succeed in college...is a necessity for all, not just an option for some,” proclaims a report by the Pathways to College Network, a collaborative alliance of philanthropies, national higher-education organizations, and academic researchers. Based in Boston, the Network's funders include Daniels, the Ford Foundation, the W. K. Kellogg Foundation, the KnowledgeWorks Foundation, the Lumina Foundation, the Nellie Mae Education Foundation, the Sallie Mae Fund, the Gates and Irvine Foundations, and the U.S. Department of Education.

As retiring Baby Boomers leave the work force, high-tech jobs will be opening up, notes Tinto of Syracuse. If Americans can't fill them, these jobs will go overseas. Promoting education isn't just about helping people to help themselves. It's a concern for the entire economy.

Mixed News on Access

Overall, more students are entering institutions of higher learning than ever, but there are still significant socioeconomic differences. In 2001, 63 percent of high school graduates went on to college, up from 49 percent in 1975. Among low-income families the figures were 48 percent and 38 percent. Among African-Americans they were 56 percent and 45 percent.

Gaps between rich and poor are especially wide at better institutions. Among the nation's top 146 colleges and universities, 74 percent of students come from the wealthiest quarter of families, while only 3 percent come from the bottom quarter. Or, as a Century Foundation report puts it, "One is twenty-five times more likely to run into a rich student as a poor student" at these institutions.

Even starting college isn't enough to help many low-income students. Roughly half of them never earn degrees.

Tuition is rising everywhere. According to the College Board, the average fees for in-state students at public institutions in 2004-2005 rose 11 percent from the previous year. At private schools it rose 6 percent. From

1994 to 2004, tuitions rose 51 percent at public four-year institutions, 36 percent at private four-year colleges, and 26 percent at public two-year colleges.

True, almost 60 percent of all undergraduates in America receive financial aid, usually a federally subsidized loan. About half of all undergraduates also receive federal Pell grants or grants from state governments totaling \$40 billion. The combination comes to an average of \$3,300 for students at public institutions, \$9,400 for private colleges, and \$2,300 for junior colleges. Nonetheless, rising costs will prevent 4.4 million high-school graduates from attending college over the next decade, according to the U.S. Advisory Commission on Student Financial Assistance.

"Tuition increases pose a serious problem, particularly for families whose incomes cannot keep pace," says Robert C. Dickeson, senior vice president of the Lumina Foundation, which gives away more than \$35 million in grants each year. Increasing costs "can limit lifetime opportunity for aspiring students, thereby threatening America's future in the global, knowledge-based economy."

Starting but Not Finishing

Even starting college isn't enough to help many low-income students, because once in college, too few ever graduate. More than 75 percent of high-income freshmen will finish in six years, but only 54 percent of low-income students make it.

For Latinos the figure is 47 percent, for African Americans, 46 percent. Much of this happens immediately. Among low-income students leaving college, 46 percent do so in the freshman year.

“The facts are unavoidable,” says Tinto of Syracuse. “Though access to higher education has increased...greater equality in attainment of college degrees has not followed suit.”

Scholarship Support

The most direct way philanthropists can improve access to education is by awarding scholarships like those the Daniels Fund gave to the Botello sisters, based on merit, academic potential, leadership, artistic promise, ethnic background, or any combination thereof.

“Focus on what you want to do,” recommends Matthew J. Quinn, director of the Jack Kent Cooke Foundation in Lansdowne, Virginia. “Define clearly and implement narrowly. If you’ve got \$5,000, give one scholarship.” “Look for where needs are not being met,” adds Joshua J. Wyner, a program officer at Cooke. “How can you affect people’s lives?”

Three nonprofits—the Institute for Higher Education Policy in Washington, D.C., the National Scholarship Providers Association in Denver, and Scholarship America in St. Peter, Minnesota—are currently attempting to determine how much private scholarship aid is awarded to U.S. students each year. The Lumina Foundation is supporting the effort.

The Daniels Fund’s College Prep and Scholarship Program is one of the best. Roughly 400 promising low-income high-school graduates from Colorado, New Mexico, Utah, and Wyoming are now enjoying four-year scholarships thanks to the program. Since 2000, Daniels Scholars have attended 115 colleges and universities with retention rates nearing 100 percent. In addition to tuition, students receive room and board, a laptop, health benefits, and transportation to and from their college. “We really hold their hand,” says former president Brown.

The Jack Kent Cooke Foundation awards a range of scholarships each year, based on merit and need. The Foundation helps promising high school students with aca-

ademic counseling and other support, it provides undergraduate transfer scholarships to students attending community or two-year colleges who plan to transfer to four-year institutions, and it has a Graduate Scholarship Program that offers \$50,000 a year for up to six years of graduate study. “We cast a very wide net,” said director Matthew Quinn. “We had 2,000 nominations for 66 scholarships in 2004. We look for people who show grit, determination, and drive in dealing with challenges life has given them.”

Helping Institutions that Help Students

In addition to awarding scholarships, donors can provide support to institutions that have shown an aptitude in educating low-income students. “If I had my own money to give, I’d put it where it is truly valued,” says Blenda J. Wilson, CEO of the Nellie Mae Education Foundation and former president of CalState at Northridge. “When I was a college president, I’d tell funders, ‘If you give your money to Harvard, no one will notice. If you give it to me, I’ll really do something with it.’”

Certain institutions have programs that are improving low-income students’ graduation rates. The Education Trust cites three: Binghamton University, part of the City University of New York (CUNY) system; East Carolina University in Greenville, North Carolina; and the University of California-Riverside. “We can learn from a whole lot about what those high-performing institutions are doing to be so successful year after year,” says Carey, urging that we dig into their culture to see what makes them succeed.

Under Tinto’s direction, Syracuse’s Pathways to College Success Project is studying 19 urban institutions that have a good record in retaining low-income students. Pathways is experimenting with “learning communities”—teachers and students clustered around an interdisciplinary theme—as a way of keeping students in school. “The underlying notion is they will benefit both socially and academically from close contact with a small group of fellow undergraduates,” says Tinto. The Lumina Foundation and the William and Flora Hewlett Foundation are supporting the effort. A National Learning Communities Project at Evergreen State College in Olympia, Washington, also promotes the learning-community idea.

First-year Programs and the Summer “Bridge”

The first year of college can be traumatic for anyone. It is particularly difficult for low-income students, who may find themselves in a totally unfamiliar environment. Because first-year dropout rates are so high, a number of schools have created “bridge” summer programs to help low-income students make the transition from high school. Many of these programs are privately endowed.

The Daniels Fund starts with an 18-month preparation program beginning in the spring of the student’s junior year. Then Heading into the Future Together brings Daniels Scholars to various campuses for several days during the summer before their freshman year.

The program provides coaching, team building, and exposure to college classes. “For some of my friends it was a big culture shock,” says Daniels Scholar Tran. “But they trained us really well.”

The National Resource Center for the First-Year Experience and Students in Transition in Columbia, South Carolina, offer help to all first-year programs by serving as an information clearinghouse, convening conferences, publishing monographs, and spreading “best practices.” The Center grew out of the well-regarded University 101 course provided at the University of South Carolina. Senior fellow John N. Gardner is also executive director of the Policy Center on the First Year of College at Brevard College in Brevard, North Carolina. The Lumina Foundation and Atlantic Philanthropies are supporting this effort, along with the Pew Charitable Trusts.

Donors can also support colleges that demonstrate they can succeed in educating low-income students.

Serving Specific Fields

Many foundation-sponsored programs concentrate on a specific subject area. The University of Texas’ Charles A. Dana Center serves students interested in science, engineering, and math. Designed by math professor Philip Uri Treisman, the program’s Math Workshops concentrate on helping minority college freshmen through difficult introductory courses. Teaching assistants conduct the two-hour supplementary sessions.

The program “tries to recreate the benefits of integrating

academic life with social life,” says a 1998 *Policy Review* article. “Workshop students spend six hours a week together, poring over difficult but stimulating problems and probing each other’s work. With the help of peers and tutors, they learn to recognize what they don’t understand, correct it, and build upon it before the unceasing accumulation of new concepts overwhelms them.”

Dozens of other colleges and universities have adopted the same approach. At the University of Maryland Baltimore County, the 15-year-old Meyerhoff Scholarship Program annually taps 50 mostly African-American freshmen who have indicated an interest in science, engineering, or math. The program gives them financial support plus a six-week summer “boot camp” before freshman year. According to the university, Meyerhoff Scholars have been twice as likely as students outside the program to earn undergraduate degrees and five times as likely to go to graduate school.

“In the humanities and social sciences, you can slack off for a while and still survive,” says Freeman Hrabowski III, president of the university, but if you get behind in math and science, “it’s tough to catch up.”

Serving Specific Populations

The \$166 million United Negro College Fund in Fairfax, Virginia, is the nation’s oldest and largest organization for assisting minorities in higher education. Founded in 1945, it provides scholarships and internships to 65,000 undergraduates and 450 graduate students each year at 950 institutions. More than 60 percent of the Fund’s undergraduate recipients are from families earning less than \$25,000. The organization also gives direct assistance to 38 historically all-black colleges. In 1996 it created the Frederick D. Patterson Research Institute to study the African-American experience in higher education.

The Higher Education Act of 1965 defined historically black colleges as institutions established before 1964 exclusively to educate African Americans. There are now 105 such institutions. While these schools represent only 3 percent of colleges and universities, they provide 25 percent of all African-American graduates. More than half of all black professionals are graduated from these 105 schools.

Inspired by the United Negro College Fund, the Hispanic Scholarship Fund in San Francisco began providing scholarships to Latino students in 1975. The American Indian College Fund in Denver has also provided scholarships to students attending 32 tribal colleges since 1989. While the tribal schools represent less than 1 percent of all higher-education institutions, they educate 18 percent of all American Indian college students.

Starting Early

The Center for the Study of Higher Education’s “On the Right Path” survey has followed nine different paths to a four-year college degree. The most favored pathway was the four-year institution. More than 75 percent of the students who took that route graduated within seven years, and 81 percent from the highest income brackets succeeded.

Only 13 percent of low-income students, on the other hand, went directly to a four-year institution. Instead, most students from the lowest income brackets entered two-year institutions—junior colleges. Only 3.3 percent of these students earned a four-year degree.

“A lot of faculty at four-year institutions don’t think anything good can happen unless it’s ‘under their tree,’” says Robert Dickeson of the Lumina Foundation. “But some of the most important contributions come in high school.” Tinto of Syracuse agrees: “It’s clear that pathways start dividing in the middle schools.”

Says Kevin Carey of the Education Trust, “Our organizational model is that college begins in kindergarten.”

The Pathways to College Network has an Outreach Program Database that profiles many privately fundable programs working to boost academic preparedness for college. It is searchable by state or zip code, population served, and services offered. One example is “Advancement via Individual Determination” (AVID), a program started by an English teacher at San Diego’s Clairemont High School after the school was integrated by court order in 1980. AVID is an either school- or district-wide program that prepares academ-

Because first-year dropout rates are high, some schools have created summer programs to help low-income students make the transition.

ically average fifth- through twelfth-grade students for college by placing them in advanced classes. The exact opposite of a remedial program, it has since been duplicated by 1,650 schools in 24 states. The U.S. Department of Defense also uses it in schools for children of armed forces members in 16 countries. Of 100,000 students who have been through the program, 95 percent have gone on to college. Advancement via Individual Determination is supported by, among others, the Annenberg Foundation in Radnor, Pennsylvania, and the Dana Foundation in New York City.

Meyerhoff Scholars are twice as likely to earn undergraduate degrees and five times as likely to attend graduate school.

Similarly, the Jack Kent Cooke Foundation's Young Scholars program helps hundreds of high-achieving, low-income students through high school and supports them with individual instruction and intensive summer programs. "We stay with them from high school right through college," says executive director Quinn. "Our relationship is long term."

In Philadelphia, for a fourth example, the nonprofit Philadelphia Futures program has similarly helped thousands of high-school students from poor families pursue and complete higher education since 1989, through one-on-one mentoring, financial incentives, and a year-round supplemental curriculum that includes after-school classes, college-guidance activities, and cultural opportunities.

Community Colleges

The On the Right Path survey mentioned earlier found that 40 percent of high school graduates enter two-year community college, with 29 percent of those transferring to four-year institutions within 11 years. Looking at those high school graduates who scored in the bottom quarter, the survey found that half of them entered a community college, but only 17 percent transferred to four-year institutions. By comparison, 30 percent of the students who scored in the highest quarter went to community college, with 37 percent transferring to a four-year school at some point.

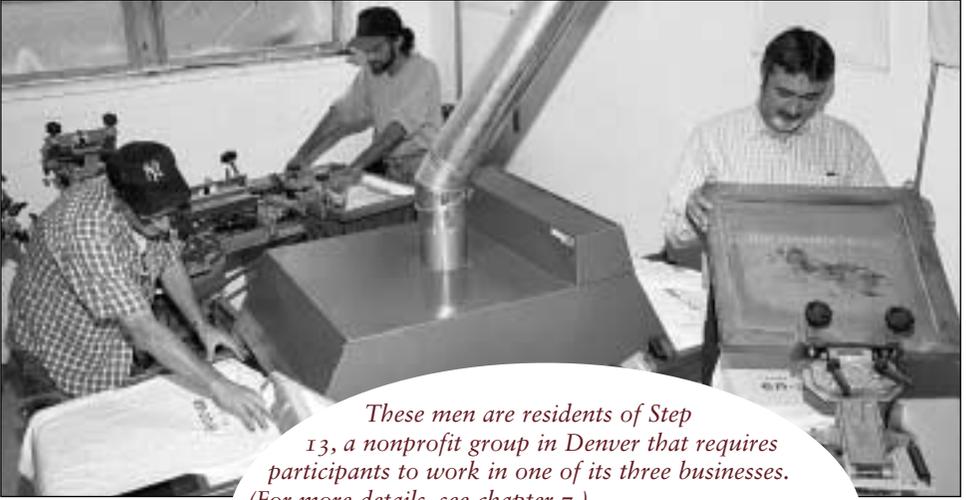
In 2004, as part of its “Community Colleges Count” initiative, the Lumina Foundation awarded 27 community colleges \$50,000 to develop plans for enhancing the success of low-income and minority students. Preferring to aid students rather than institutions, the Jack Cooke Kent Foundation’s “Undergraduate Transfer” program awards annual scholarships of up to \$30,000 to junior-college students and graduates who want to attend four-year institutions.

Conclusion

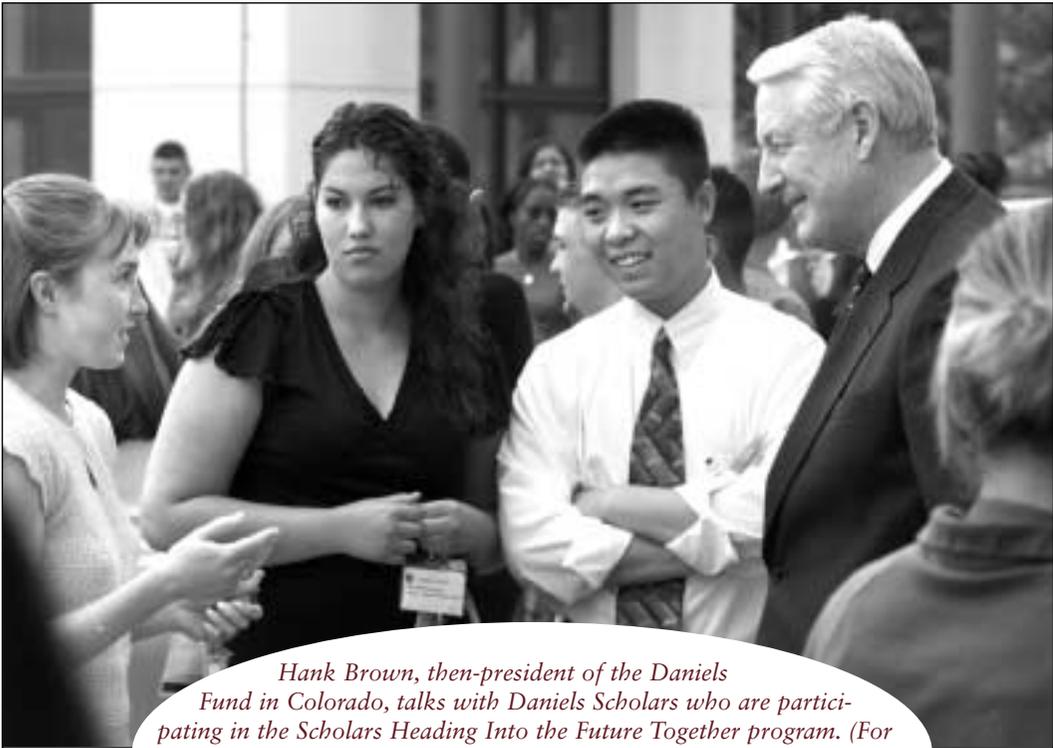
Individual scholarships, support for key institutions, preventing drop-outs, sponsoring elementary-school classes, easing the transfer from junior college to four-year college, supporting minority institutions—these are all ways that donors can play a key role in helping low-income young people gain access to and succeed in higher education.

Thousands of underprivileged students are proclaiming “I Have a Dream” and displaying courage and diligence in pursuing it. Wise philanthropy can help them reach these goals.

Helping People to Help Themselves



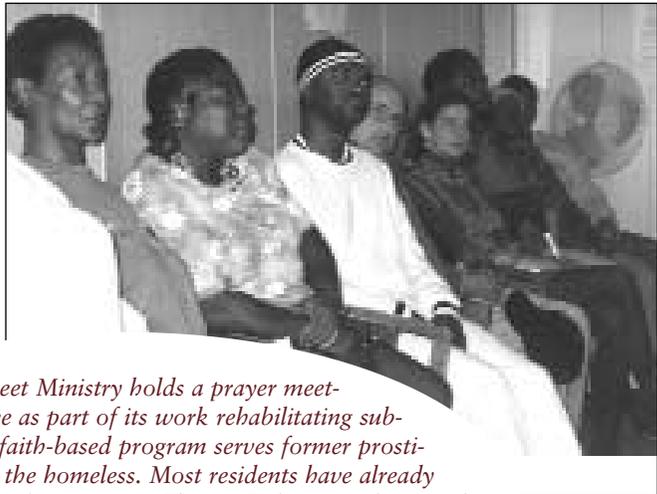
These men are residents of Step 13, a nonprofit group in Denver that requires participants to work in one of its three businesses. (For more details, see chapter 7.)



Hank Brown, then-president of the Daniels Fund in Colorado, talks with Daniels Scholars who are participating in the Scholars Heading Into the Future Together program. (For more on improving access to higher education, and on ways to ensure success once students matriculate, see chapter 5.)



A diabetes test is administered as part of the work of the Muskegon County Health Project, a Michigan nonprofit group that helps uninsured persons gain insurance coverage. (For details, see the discussion of health care programs in chapter 2.)



Hope Street Ministry holds a prayer meeting in Milwaukee as part of its work rehabilitating substance abusers. This faith-based program serves former prostitutes, ex-prisoners, and the homeless. Most residents have already flunked out of conventional treatment. (Chapter 7 discusses drug- and alcohol-rehabilitation programs for the poor.)

VI

Expanding Economic Opportunity for the Poor

Licensed as a cosmetologist, Cocoa Chantilly had been talking to the Arizona Board of Cosmetology for 14 years about starting an apprenticeship program for aspiring hair braiders. “All they ever said was, ‘Absolutely, positively no,’” she recalls.

Then she talked to Tim Keller of the Institute for Justice. As a public-interest law firm, the Institute had already filed suit on behalf of Essence Farmer, a Phoenix hair braider, as part of its national effort to overcome barriers to entrepreneurship. Chantilly, who owns Cocoa’s Braid & Hair Designs in nearby Scottsdale, wanted to be part of the suit. The Cosmetology board “wasn’t allowing me to grow my business,” she says. “They were also putting a choke hold on a lot of people who wanted to come into the profession.”

The Cosmetology Board was “putting a choke hold on a lot of people who wanted to come into the profession.”

The state board required hair braiders to obtain a full-blown “cosmetology” license, which entails 1,600 hours of classroom instruction plus \$10,000 in tuition for a curriculum that doesn’t even include hair braiding.

“They didn’t even know how to do it,” says Chantilly, who has braided since she was a child. “You need to know how not to braid too tight, how to design, how to corn row, how to single braid. It’s an art.” Unlike most of the state-mandated curriculum, natural hair braiding does not involve chemicals or other potentially toxic substances.

In Burdensome Barriers: How Excessive Regulations Im-

pede Entrepreneurship in Arizona, the Goldwater Institute outlines the problem:

A would-be hair braider is not only required to take 230 hours of classes in “hairstyling, pressing, thermal curling, and waving,” ... but must also take:

- 230 hours on “chemical hair restructuring, including permanent waving and chemical hair relaxing, specifically thioglycolate and sodium hydroxide”;
- 230 hours of “hair coloring, including tinting and bleaching”;
- 230 hours of haircutting;
- 200 hours of Arizona cosmetology laws and rules;
- 100 hours of facials and makeup, “including massage and physical and chemical depilatories”;
- 100 hours of massage;
- 75 hours of manicuring, pedicuring, sculpture nails, extension, wraps, overlays, and “related services”;
- 50 hours of shampooing, conditioning, re-conditioning, rinse application, and chemical removal;
- 50 hours of disinfection procedures;
- 40 hours of the student’s “creative preference”;
- 35 hours on salesmanship, ethics, and salon management;
- 20 hours of scalp treatment and brushing; and,
- 10 hours of “electricity and light therapy as related to the practice of cosmetology.”

...The board’s requirements include a mandate of one “area of instruction” for every 20 students, a requirement that every student have at least “2 cubic feet of individual locked area with a different locking device for each student,” and requirements about the types and amounts of equipment that must be on hand in the school, from the required number of hair dryers to such items as “receptacles large enough to completely immerse both feet,” for each 20 cosmetology students in attendance during practical instruction.

In 2004, Arizona Governor Janet Napolitano, a Democrat, signed a bill, inspired largely by the lawsuit, that exempts natural hair braiders from oppressive cosmetology licensure. When the law took effect 90 days later, Chantilly set up her first long-delayed braiding workshop with three students. “The Institute for Justice opened a door that had been shut tight,” she says. “This has been my dream come true.”

Poverty and Entrepreneurship

This sort of burden constricts opportunities for the poor and the working class while it depresses economic growth in general. Yet “the historical record is clear: The single, most effective way to reduce world poverty is economic growth,” observes Ian Vásquez, director of the Project on Global Economic Liberty at the Cato Institute:

Western countries began discovering this around 1820 when they broke with the historical norm of low growth and initiated an era of dramatic advances in material well-being. Living standards tripled in Europe and quadrupled in the United States in that century, improving at an even faster pace in the next 100 years. Economic growth thus eliminated mass poverty in what is today considered the developed world.

“Strong economic growth and high employment may be this country’s most effective antipoverty instrument,” agrees Robert Haveman, professor of public affairs at the University of Wisconsin. Economic freedom has brought prosperity to the United States, but pockets of poverty remain. The question has become how to extend opportunity into the remotest corners of society. The answer is to extend economic freedom there as well.

“The West’s escape from poverty did not occur by chance,” notes Vásquez. “Sustained growth over long periods of time took place in an environment that generally encouraged free enterprise and the protection of private property.” Globally, growth remains the strongest where property rights are protected and governmental intrusion in the market is minimal. “Heavy regulation and weak property rights exclude the poor from doing business,” says a World Bank report on 145 countries. “Businesses in poor countries face much larger regulatory

burdens than those in rich countries. They face three times the administrative costs, and nearly twice the bureaucratic procedures and delays associated with them. And they have fewer than half the protections of property rights.” The Bank estimates that in poor countries, 40 percent of the economy is informal; that is, not legally protected as part of the mainstream economy. “Women, young, and low-skilled workers are hurt the most.”

The Organization for Economic Cooperation and Development found that the five least regulated economies in the world, one of them the United States, showed the largest increases in productivity, the largest number of new businesses, and the highest rates of investment in research and development over the 1990s. All these factors, of course, are crucial to economic growth.

“The single most effective way to reduce world poverty is economic growth,” observes Ian Vásquez.

Hernando de Soto, director of the Institute for Liberty and Democracy in Lima, Peru, emphasizes that prosperity and property rights go hand in hand. At the root of global poverty, he argues, are barriers to opening new businesses and the over-regulation of existing ones. Admitting the poor to a free economy gives them the same opportunities as the millions who have already succeeded.

Protecting Property Rights

One group whose mission is to advocate aggressively for property rights, limited government, and free markets is the Cato Institute in Washington, D.C. Globally, De Soto’s Institute for Liberty and Democracy is perhaps the best-known such organization, offering advice to governments and private groups around the world on ways to help the poor rise. In the western United States, several groups have taken the lead in protecting property rights from overburdensome environmental regulations (for details, see the Philanthropy Roundtable’s *Soaring High: A Donor’s Guide to Environmental Giving*).

The Institute for Justice, also headquartered in Washington, defends the property rights of poor people. In Atlantic City, for example, the New Jersey Casino Redevelopment Authority tried for many years to take the 36-year home of

Vera Coking, an elderly Atlantic City widow, in order to give it to Donald Trump for a parking lot. The Institute fought the case and won. Similarly, the Institute for Justice joined the Southern Christian Leadership Conference in opposing Mississippi's effort to condemn the home of Lonzo and Matilda Archie for a Nissan truck-manufacturing plant. In 2002, Nissan redesigned the plant in response to the suit. At the Supreme Court, the Institute unsuccessfully sought to defend a group of working-class homeowners in New London, Connecticut, whose homes were scheduled to be razed for a riverfront hotel. (But the loss has helped foment a nationwide grassroots movement against such abuses.) Curbing government powers of eminent domain is one of the Institute's leading priorities. "Property rights should mean property rights for everyone, not just for those who can afford to defend them," says the Institute's Tim Keller.

Taxes

Taxes constitute another heavy burden on workers and the economy. Lowering taxes is thus another way to liberate the poor and expand opportunities, as a review of history demonstrates. During World War I, the top marginal federal tax rate on personal income rose from 7 percent to 77 percent. Then Presidents Warren G. Harding and Calvin Coolidge initiated a series of tax cuts that dropped the top rate down to 25 percent in 1925. For the four years before 1925, real growth in the gross domestic product had averaged only 2 percent. In the next four years, it grew to 3.4 percent. Before the tax cuts, unemployment averaged 6.5 percent. Four years later, it had fallen to 3.1 percent. Meanwhile, tax-revenue growth stopped decreasing.

Similarly, in 1964, President John F. Kennedy cut the top marginal tax rate from 91 percent to 70 percent and lowered other rates as well. In the four years before '65, real GDP growth averaged 4.6 percent; in the four years after, it grew 5.1 per-

cent. In the four years before, unemployment averaged 5.8 percent; in the four years after, it fell to 3.9 percent. Meanwhile, federal tax revenues increased.

"Property rights should mean property rights for everyone, not just for those who can afford to defend them."

In 1981, President Ronald Reagan slashed all marginal income tax rates by 25 percent over the next three years. In the four years before 1983, GDP growth averaged 0.9 percent. In the four years after, it boomed to 4.8 percent. Unemployment basically remained the same, averaging 7.6 percent in the four pre-cut years and 7.8 percent afterwards. Tax-revenue growth, which had been dropping, increased.

Historically, all income classes have benefited from tax cuts. “Census Bureau data show that earnings for all income classes tend

to rise and fall in unison,” says economist Daniel J. Mitchell of the Heritage Foundation. “In other words, economic policy either generates positive results, in which case all income classes benefit, or causes stagnation and decline, in which case all groups suffer.”

Mitchell adds that “the high tax policies of the late 1970s and early 1990s are associated with weak economic performance, while the low tax rates of the 1980s are correlated with rising incomes” for all income groups. “Likewise, all income groups enjoyed increases in income after the 1997 capital gains tax cut.”

At present, “income taxes are really no longer a burden on the lowest income people,” says Scott Hodge, president of the Tax Foundation in Washington. In 2002, more than 14 million income-earning households did not file a federal tax return, according to the Foundation’s estimates. Of these households, more than 97 percent earned less than \$20,000, and 99.4 percent earned less than \$30,000.

On the other hand, payroll taxes weigh heavily on the poorest workers. When they’re included, Hodge notes, “the highest marginal rates are imposed on people with the lowest income.”

Clearly, anyone concerned about the well-being of low-income workers will want to understand and if necessary work to change local, state, and federal tax policies. A number of groups study tax policies in the context of economic growth; for example, the American Enterprise Institute (AEI) and FreedomWorks in Washington, D.C., as well as the National Center for Policy Analysis in Dallas and the Institute

“Heavy regulation and weak property rights exclude the poor from doing business,” says the World Bank.

for Policy Innovation in Lewisville, Texas. Washington-based Americans for Tax Reform Foundation, a nonprofit sister of the Americans for Tax Reform group, and the new Americans for Prosperity Foundation all study federal, state, and local taxes, as does the National Taxpayers Union Foundation, a nonprofit sister of the National Taxpayers Union, and the National Tax Limitation Foundation, a sister of the National Tax Limitation Committee.

At the state level, 46 public policy research institutes in 42 states are part of the State Policy Network. All concentrate on state and local taxes. The Beacon Hill Institute at Boston's Suffolk University has developed an agenda for high-tax Massachusetts and other eastern states. Information provided by taxpayer groups has led to the passage of several Taxpayers' Bill of Rights amendments to state constitutions. On a national level, the Washington-based American Legislative Exchange Council educates state legislators about various state-level issues through its Tax and Fiscal Policy Task Force.

Regulation

Regulation is another heavy burden on the economy and thus on low-income workers. According to the U.S. Office of Management and Budget, "social regulations" alone collectively cost the American economy about \$200 billion a year, rising to \$400 billion if paperwork is included. This equals more than 50 percent of federal domestic discretionary spending—which probably receives ten times as much scrutiny. Bringing some rationality back to the regulatory process is a critical part of the mission of most of the organizations just named.

*The question has become
how to extend opportunity to
the remotest corners of society.*

AEI and the Brookings Institution have formed the AEI-Brookings Joint Center for Regulatory Studies; its director Robert Litan is also the vice president for research at the Ewing Marion Kauffman Foundation in Kansas City.

The Regulatory Studies Program at George Mason University's Mercatus Center in Virginia investigates federal, state, and local regulations and educates policymakers about their impacts.

The Mercatus Center also operates a website (RegRadar.org) that contains current, easy-to-understand information about new and forthcoming regulations.” The Competitive Enterprise Institute, also in Washington, studies environmental, technological, and health and safety regulations.

In 2004, the Kauffman Foundation helped create the Kauffman-RAND Center for the Study of Small Business and Regulation at the RAND Corporation in Santa Monica, California. The Center will study the way regulation affects small business. Says Carl J. Schramm, president and CEO of the Kauffman Foundation:

It is often said that entrepreneurs live faster lives. This is not true, of course. But entrepreneurs behave as if they are more eager to know how the movie will turn out. If they don't like the ending, they have the confidence they can change it before the last frame. Bureaucracy operates on a time frame that often loses in its calendar and meetings the purpose of a shared corporate life, namely, helping improve the welfare of our fellow citizens. Bureaucracy has the ability to be a force for non-good, particularly when it stands in the face of action that will improve human welfare.

The Institute for Justice—which liberated *Cocoa Chantilly*—works with many state think tanks to battle regulatory barriers in cities as diverse as Seattle, Baltimore, Boston, Charlotte, Detroit, New York, San Antonio, and San Diego. “There’s a whole range of activities on which we can work together,” says president William “Chip” Mellor. The Institute joined the Washington Policy Center to challenge taxi regulation in Seattle. Driving a taxicab, a job long popular with ambitious low-income workers, “should simply require knowledge of the city, a safe and insured vehicle, driver background check, and a willing spirit,” says Institute attorney Jeanette M. Peterson. But Seattle and King County impose a daunting list of requirements “on any entrepreneur who wishes to enter the market.”

In its efforts to break down regulatory barriers, the Institute has filed suit on behalf of limousine operators in Las Vegas, booksellers in New Orleans, jitney-van operators in

New York City, cosmetologists in San Diego and Washington, D.C., casket sellers in Tennessee, taxicab drivers in Denver, and construction-waste haulers in Seattle. The Institute also has a Clinic on Entrepreneurship at the University of Chicago Law School. Some of the nation's brightest law students, supervised by members of the Illinois bar, are providing legal advice to start-up businesses. "Our bottom line is the success of the entrepreneur," says Mellor. "That's our approach to social change."

Litigation

Excess litigation creates still more obstacles to jobs and growth. Since 1950, the overall annual costs of the U. S. tort system have increased from less than \$2 billion to more than \$246 billion, according to Towers Perrin Tillinghast. This far outstrips growth of GDP. Several groups are grappling with this litigious excess. "The legal system is having a very negative impact on our economy," says Bernard Marcus, head of the Marcus Foundation and co-founder of Home Depot. "The fact is I couldn't have started Home Depot in the current legal climate. That means many thousands of Americans would not have the jobs we have provided."

Among those groups responding to the litigation crisis are the American Tort Reform Foundation, the National Legal Center for the Public Interest, and Common Good, founded by Philip K. Howard, author of *The Death of Common Sense*. The nonprofit Washington Legal Foundation both educates and litigates in this area. The Federalist Society examines various legal reform measures.

Other groups working for tort reform include the American Legislative Exchange Council's Civil Justice Task Force, the Heritage Foundation's Center for Legal and Judicial Studies, the Hudson Institute's Project for Civil Justice Reform, the Manhattan Institute's Center for Legal Policy, and RAND's Institute for Civil Justice. In 2004, the Manhattan Institute published *Trial Lawyers Inc.*, a stunning indictment of the plaintiffs' lawyer industry. A one-man dynamo is Walter Olsen, author of three outstanding books on tort reform and webmaster of the encyclopedic www.overlawyered.com.

"Our bottom line is the success of the entrepreneur. That's our approach to social change."

Economic Development

States and cities are always trying to promote economic development, and many private foundations and nonprofits assist them. This usually involves making a study of local economic conditions and mapping out strategies for fostering growth. For example, the Manhattan Institute's Center for Civic Innovation studies cities around the country, although its initiatives are often aimed at New York. Nationally, Brookings' Metropolitan Policy Program in Washington and the Initiative for a Competitive Inner City in Boston do this work. Other local think tanks and centers at college and universities do so too.

Taxes heavily burden workers and the economy. Lowering them is another way to liberate the poor and expand opportunities.

Entrepreneurship

At the micro level, donors can enlarge economic opportunities for the poor by seeding entrepreneurship. Of the many foundations that directly sponsor such work, the Ewing Marion Kauffman Foundation in Kansas City is perhaps the most prominent.

Kauffman produces a 40-hour FastTrac business-development curriculum for fledgling entrepreneurs. It also supports the Angel Capital Association, an organization of early-stage investors. With the help of the Business Roundtable and the National Economic Council, Kauffman is funding one-stop business-growth centers at National Urban League offices in 35 states.

WIBO (Workshop in Business Opportunities), founded in Harlem in 1966, puts on two 16-week annual "boot camps" for 500 African-American and Hispanic entrepreneurs in New York and Connecticut (see nearby sidebar, "Widening WIBO's Web"). WIBO uses volunteer business owners and executives to help fledgling entrepreneurs develop business and marketing plans. The organization estimates that half its 9,000 graduates are now running their own businesses. "If you own your own business, the sky's the limit," says executive director Amini Kajunju. "Our philosophy is, 'You can do it.'"

Operation HOPE in Los Angeles has a similar program in its Small Business Service Division. The organization helps minority entrepreneurs develop business plans and grants small loans to help them get started.

WIDENING WIBO'S WEB

Drummond Bell had, for many years, been on the board of the Workshop in Business Opportunities (WIBO) organization in New York City. "I saw the need to move it to Bridgeport, Connecticut," he explains. "This city, I thought, needs to have a workshop."

With initial matching support from the Smith Richardson Foundation, the Drummond C. and Ruth A. Bell Foundation widened WIBO's web by bringing it to Bridgeport, where it operates under the auspices of a local nonprofit now called FSW. With WIBO at FSW, "we got started with a \$50,000 grant and have been giving for five years," Bell says. Last year they gave \$100,000. "The program is incredibly successful. The graduation rate is tremendous," he continues. In Bridgeport, "we've had 240 people go through the program, and 120 of them are in business throughout western Connecticut."

Nearly 60 percent of WIBO's Bridgeport students have been African American, 60 percent have been women, and a quarter have been Hispanic. More than one-third have had annual incomes of less than \$30,000.

The Reverend Kevin D. Ginyard Sr. directs the Bridgeport program. One night each week at FSW, a maximum of 32 students meet for three hours. For the first 90 minutes, the class is broken down into four or five groups of five to eight students each. These groups review the assigned homework. Each of them is run by a volunteer business professional or successful WIBO graduate who has volunteered for the entire 16-week span. Nine WIBO graduates serve as group leaders. The full class then reassembles for the second 90 minutes, during which another volunteer business professional introduces and then leads a discussion of some relevant topic.

Those who complete the curriculum participate in a joint graduation ceremony with their fellow WIBO grads from New York in a ceremony held at the historic Cooper Union for the Advancement of Science and Art in New York City.

A subsidiary of FSW, Family Assets, LLC, can supply WIBO graduates with a small-business microloan from a revolving-loan fund for that purpose. Family Assets also helps manage Individual Development Accounts for some grads. WIBO alumni are also given, among other things, access to legal services, discounts on office supplies, and low-cost printing services.

“We have a pretty good feel for these people afterwards,” Bell said. “We know who’s going to make it, who’s going to really try.”

Bell urges fellow philanthropists with an interest in supporting economic growth and opportunity to consider starting or expanding WIBO-like programs in their cities. He notes that when he brought WIBO to Bridgeport, “there were no replication problems. I’m a big replication guy. You can replicate, but you need the right people.” The start-up costs for WIBO in Bridgeport were a relatively modest \$117,000. Its annual budget there is about \$110,000.

“We feel that we’re definitely making an impact,” Bell says. “It does work.”

ONABEN is a Native American business network in Tigard, Oregon. Founded in 1991, it offers classes, workshops, and coaching services through tribes and other Native American organizations across the Northwest. ONABEN serves 1,200 people in 30 start-up classes each year. ONABEN students start 25 businesses each year, averaging 2.2 jobs per start. “We do one-on-one technical assistance,” says executive director Tom Hampsen. “That’s the only thing that works.”

Finally, Robert Woodson’s National Center for Neighborhood Enterprise, so successful in fighting crime and controlling gangs (see chapter 4), also spearheads entrepreneurship at the grassroots.

Conclusion

Donors who want to expand opportunities for the poor can find hundreds of nonprofit groups around the country that are edu-

cating poor people about the ins and outs of entrepreneurship, breaking down tax and regulatory barriers, and offering advice and investment to new businesses. All these efforts are helping more and more poor persons join the free enterprise economy that has created so much wealth for so many Americans.

VII

Rehabilitating the Drug- and Alcohol-dependent

“I love landscaping,” said Larry Stelloh, sitting at the kitchen table in his one-bedroom apartment on the ground floor of Hope Street Ministry. “Some of the work I do is beautiful, which matches how I feel about life these days.” Outside, cars swish back and forth on Capitol Drive, a main thoroughfare in Milwaukee’s inner city. Next to him sits a copy of *The Upper Room*, a daily devotional guide. His T-shirt says, “If God is for me, who can be against me?”

Stelloh works for George’s Landscaping in Wauwatosa, a western suburb. “I do mostly residential work,” he says, “patios, decks, rock walls.” Then he proudly takes out his wallet and hands me a copy of his business card.

The 50-year-old Stelloh arrived at Hope Street two years ago after doing 90 days in the St. Mary’s Hospital burn unit. Two young women had doused him with gasoline and set him on fire at a city bus stop. “I ride by it all the time, just to remember,” he says. Stelloh has no recollection of the incident, except that he was shooting his mouth off and probably drunk. “When I got to the hospital, my blood-alcohol content was .38,” he says. “That’s enough to kill most people.”

Before the incident, he’d been sober for seven years and working as a drug-and-alcohol counselor. “I thought, ‘I’m doing fine,’” he recalls. “But I was full of self-hatred. I needed help myself.

“This place has transformed my life,” he adds, surveying his new home.

In the summertime he works his landscaping job with his shirt off, which he’s not supposed to do because of his burn scars. “Yeah, I’m cheating a little,” he says, smiling, “but I’ve been cheating death all my life.”

Hope on Hope Street

Run by Samaritan Inn Ministries in Milwaukee, Hope Street is a faith-based, drug- and alcohol-rehabilitation program for 40 former prostitutes, ex-prisoners, and the homeless. Most residents have already flunked out of conventional treatment programs. Now they are getting one last chance.

Opened in 1998, Hope Street teaches its residents the life skills they need. They must pay rent, usually around \$300 a month, while holding jobs. They attend five Bible-study-and-prayer meetings each week in the basement's worship room. They must abide by strict curfews and can be screened randomly for drugs at any moment.

"If we allow someone in here who's not clean, everybody else knows it," says Scott Martin, pastor and director of the project. "You cannot take anything for granted." Martin, a former drug addict himself, admits many of the people he treats aren't very lovable. "They're arrogant, immature, selfish, and sometimes violent," he says. "But we love them anyway."

Hope Street is supported by a number of local foundations, including the Charles D. and Elenore P. Ashley Foundation, the Lynde and Harry Bradley Foundation, the Elizabeth Brinn Foundation, the Chapman Foundation, the Christian Stewardship Foundation, the Fleck Foundation, the Faye McBeath Foundation, and the Greater Milwaukee Foundation. Andy Fleckenstein of the Fleck Foundation spends a lot of time supervising Hope Street. "The outcomes aren't as definite as I'd like, but I guess they never are," he says, sitting in the foundation's headquarters in suburban Brookfield. "I know he's accomplishing something down there."

"My best guess is that one-third of the people here really get transformed," says Martin. "With another third, we have a significant impact. The other third are write-offs. They're going to die out there. In seven years we've served 450 people. We've gotten maybe 100 on the right track." This percentage of success may seem low, but it's impressive when compared with conventional, government-supported programs for the same population, where success rates are often in the single digits.

Drugs and Disruption

Drug and alcohol dependence ruins the lives of literally countless individuals in every city in the country. It is especially devastating in poor neighborhoods. Drugs foster crime, disrupt jobs, devastate families, and destroy economic security. “Drugs take a huge amount of money away from people who need it and put it in the hands of the criminal minority,” says John P. Walters, director of the Office of National Drug Control Policy and a former president of the Philanthropy Roundtable.

A few statistics show the extra devastation wrought by drugs among the economically struggling. One study in 2000 found 15.4 percent of unemployed adults used illicit drugs, compared with 6.3 percent of adults who worked full time. A 2003 study found that, among recipients of the nation’s main welfare program, anywhere from 5 percent to 35 percent suffered from substance abuse. Another survey estimated that 21 percent of welfare recipients had used an illicit drug (mostly marijuana) during the previous year, and 9 percent were alcohol dependent. Says professor Harold Pollack of the University of Chicago: “Drug abuse disorders appear more widespread within especially troubled segments of the welfare population.”

Drug and alcohol dependence especially devastates poor neighborhoods, fostering crime, disrupting jobs, and destroying economic security.

Starting with Step 13

Bob Coté is Denver’s Scott Martin. A former Golden Gloves boxer and alcoholic, Coté founded Step 13 two decades ago after getting his own head straightened out. “Coté is a dedicated and focused individual,” says Steve Schuck, a Colorado Springs developer and board member of Step 13. “He is fearless, uncompromising, and unapologetic.”

Everyone in Step 13 is expected to abstain from drugs and alcohol, adhere to curfews, attend chapel services, go to Alcoholics Anonymous or Narcotics Anonymous meetings, and take random urine and/or breath tests. “We spend \$40,000 a year on computer drug tests, and it’s worth every dime,” says Coté. “I might test them six times in one night.

They don't know. They've got to have that uncertainty in their minds." Coté also makes residents take Antabuse, a medicine that makes you physically ill if you drink any alcohol.

Step 13 participants must do a day's work at any of the group's three businesses. They must also become proficient on donated computers. Together, the three businesses' profits supply half of Step 13's annual budget. "They tend to come with every excuse in the world for not working," says Coté. "They have to learn to take responsibility."

Step 13 accepts no government funds. "You get addicted to that stuff," warns Coté.

Step 13's participants may stay as long as needed but must pass certain benchmarks. They progress

from a bed to a dorm-like facility to a private room with an unlocked door to an even-better upstairs studio apartment with a locked door. Volunteers provide them with free medical care. At the end of their stay they have \$2,000 in a savings

SUPPORTING SCREENING

The U.S. Office of National Drug Control Policy urges, and funds, drug-screening regimens in several different contexts—the public-health system, schools, and private programs. The Office's director, John P. Walters, a former Philanthropy Roundtable president, suggests that philanthropy could play a role in helping nonprofits use screening as a necessary precursor to drug-rehabilitation referral for those who need but don't ask for it.

"Philanthropy could fund drug testing in schools," Walters says. "It has to be confidential, and it has to be used for referral.

"Some schools measure drug use. Most don't," he continues. "The schools I visit that have testing do it after a tragic event. I have met the parents of dead kids. There's grief, but there's fear too, because they know other kids are at risk, and they don't know what to do.

"I tell them to test. It's the truth."

account plus a credit record. “We don’t just feed people, we fix them,” says Coté.

Supporters of Step 13 include the Adolph Coors Foundation, the Anschutz Family Foundation, and the Armstrong Family Foundation in Denver, Milwaukee’s Bradley Foundation, and New York City’s William H. Donner Foundation. Like Hope Street, Step 13 accepts no government funds. “You get addicted to that stuff,” warns Coté.

Many Cities, Many Programs

Similar efforts thrive in other cities. All are volunteer, many faith-based. Tom Powers Sr. runs All Addicts Anonymous in Hankins, New York. Pastor Freddie Garcia supervises the Victory Fellowship Ministries in San Antonio. Victory Fellowship has spawned a network of 65 affiliates in the United States and five Latin American countries, all led by former addicts who have graduated from the program.

The National Center on Addiction and Substance Abuse at Columbia University runs anti-addiction programs in 20 cities. Joseph A. Califano Jr., former U.S. Secretary of Health, Education, and Welfare, is president, and funders include the Robert Wood Johnson Foundation.

In Indianapolis, the Wheeler Mission Ministries’ Life with a Purpose program relies on biblical principles to get the homeless off their addictions. The Mission also runs a “spiritual boot camp” at its rural Hebron Center, where recovering addicts spend eight to 12 months working long, hard days at a mill. The program costs \$4,000 per participant.

Wheeler’s president, the Reverend Richard A. Alvis, also heads the Association of Gospel Rescue Missions in Kansas City, which now has 294 members nationwide. Other drug-treatment centers are catalogued by the National Center for Neighborhood Enterprise, the Faith and Service Technical Education Network, and the Acton Institute for the Study of Religion and Liberty in Grand Rapids, Michigan. Acton’s *Guide to Effective Compassion* lists numerous successful organizations.

John Walters of the federal Office of National Drug Control Policy is an admirer of Oxford Houses, a program begun in Silver Spring, Maryland, in 1975, which now has 1,000 satellite offices around the country. At Oxford, recov-

ering dependents live in democratically run communities and work toward self-sufficiency. “It’s rare that a program can spin off so many successful replications,” says Walters. “In government, we spend a lot of time trying to set up programs. They just do it.”

A Promising Proposal

The Substance and Mental Health Services Administration, a federal agency, is launching an Access to Recovery initiative in 2005 with a \$200 million appropriation. Access to Recovery will provide vouchers to low-income people seeking substance-abuse treatment at centers, potentially including faith-based ones.

In 2003, the U.S. Court of Appeals for the Seventh Circuit ruled on the constitutionality of a Wisconsin Department of Corrections program that provided addicts with vouchers for treatment at a faith-based facility. The Appeals Court decided that Wisconsin could include Faith Works in Milwaukee among the providers of rehabilitation. (A

lower court had earlier struck down another government-funded program’s *direct* funding of Faith Works.) Helping represent Faith Works was Milwaukee’s Bradley Foundation, which has long promoted school vouchers in K-12 education that have run into the same problem with religious providers. As the federal Access to Recovery program begins to “voucherize” drug rehabilitation, there will undoubtedly be constitutional challenges in other parts of the country as well.

Philanthropic support of such efforts must be timely. Volunteer and faith-based drug rehabilitation centers live on a thin margin of survival. To take one sad example, Faith Works of Milwaukee was forced to close its doors after losing a lower court decision on its eligibility.

Victory Fellowship has 65 affiliates in the U.S. and five Latin American countries, all led by former addicts who graduated from the San Antonio facility.

VIII

Promoting Work by the Poor

In jeans, tennis shoes, and polo shirt, Eric Jordan is standing at an orientation session at STRIVE-Baltimore, an intensive job-readiness and placement service. He has been out of prison a week. At 21, he was sentenced to 20 years for drugs and armed robbery. Now, at age 40, he is trying to pick up the thread of his life. “I really didn’t know much about the world at that point,” he admits to me later.

Joe Jones of STRIVE is running the session. He asks the 50 members of the class whether they thought Jordan could be hired by the Baltimore Ravens, the city’s NFL franchise. “No,” they chant in unison.

“Of course not!” says Jones. “Look at how he’s dressed. You need a shirt, tie, and nice pair of slacks for a job interview. At STRIVE, you have to show up every day as if you were interviewing for a job. Because you are.”

“The next day I went out and got myself a shirt, slacks, and tie,” says Jordan, “and I wore them every day after that.” He still wears them today—as a marketing representative for United Equity Mortgage in Towson, Maryland.

Striving to Work

STRIVE (Support and Training Result in Valuable Employees) was created at the East Harlem Employment Service in 1985. It expanded in New York and eventually developed a network of 21 affiliates across the United States and in London. Most have support from local philanthropies. STRIVE-Baltimore is funded by the Abell Foundation, among others. “Abell told me to go look at what STRIVE was doing in New York,” says Jones, who was trying to create his own job program in Baltimore. “When I told them how well it worked, they immediately founded one here.”

STRIVE-Baltimore operates out of the Center for Fathers,

Families, and Workforce Development, which is separately funded by the Harry & Jeanette Weinberg Foundation in Owings Mills, Maryland. It targets hard-to-employ men and women. “Most of our people have multiple barriers to employment: welfare, criminal records, child-support arrearages, homelessness, and substance abuse,” says Jones. “A lot of folks out there, they say they want to work, but....” He trails off.

Encouraging the poor to work more hours may be the best way to reduce poverty, conclude Haskins and Sawhill of the Brookings Institution.

STRIVE’s three-week workshop helps applicants develop good workplace appearance and behavior. Hostility is reduced, self-discipline fostered, and clients steered toward realistic goals. Participants train in résumé writing, interviewing, and telephone skills. Then they are monitored for the next two years. In 2003, STRIVE-Baltimore had 398 gradu-

ates. When they arrived at STRIVE, 21 percent had felony convictions, 23 percent had misdemeanor convictions, and 54 percent had never earned a high school diploma. Still, STRIVE managed to place 75 percent of them in jobs averaging \$8.19 per hour. After six months, 70 percent of those placed were still working. Cost per participant: \$3,000.

“Businesses say, ‘Give me an employee who can show up, dress right, and has a good attitude,’” explains Jones. “We get them to that point.” Jordan adds, “When I first came home from prison, I didn’t know where to get started. Without STRIVE, I don’t know where I’d be now. They don’t stop. I love ’em. I’m blessed.”

Work Works

“Most people are poor in the United States because they either do not work or work too few hours to move themselves and their children out of poverty.” So say former White House welfare-policy advisor Ron Haskins, now a senior consultant to the Annie E. Casey Foundation in Baltimore and a Brookings Institution senior fellow, and Isabel Sawhill, Brookings’ vice president for economic studies.

“The heads of poor families with children worked only half as many hours, on average, as the heads of nonpoor families with children in 2001,” they continue. “The gap in the

MARRIAGE WORKS TOO

“Another striking difference between the poor and the nonpoor,” according to the Brookings Institution’s Ron Haskins and Isabel Sawhill, “is the much smaller proportion of the poor who are married.” In 2001, 81 percent of nonpoor families with children were headed by married couples, according to the Census Bureau. “This compares to only 40 percent among poor families with children.”

Haskins and Sawhill estimated what would happen to the poverty rate for families with children if the proportion of children who lived in female-headed families in 2001 were the same as it had been in 1970. “The idea behind this test is to ask what would happen if as many people married and stayed married now as then,” they write.

Under that scenario, they estimate, the poverty rate among families with children would drop significantly, from 13 percent to 9.5 percent. This large shift helps explain why policy researchers, lawmakers, and grantmakers in America have all been increasing their attention—and resources—to strengthening marriage, especially among the poor. The Philanthropy Roundtable will soon publish a guidebook on how donors can give effectively in this area.

work hours of poor and nonpoor families with children is observed in good years as well as bad.” Moreover, “the state of the economy and the availability of jobs surely play some role, but are not the primary reasons for these differences in work effort.”

Haskins and Sawhill estimated what would happen if all non-elderly and non-disabled heads of poor families worked full-time, receiving the same hourly wage they currently earn. They found the poverty rate would be cut in half. Encouraging the poor to work more hours may be the best way to reduce poverty, they conclude.

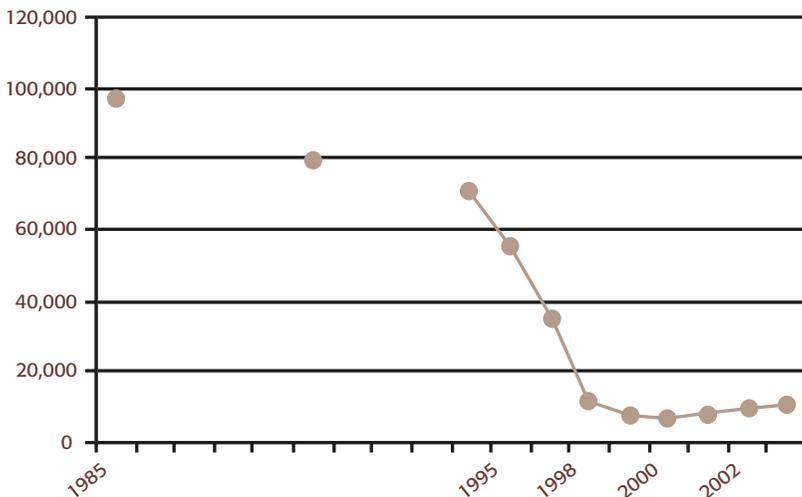
Welfare Reform Succeeded Thanks to Work

Encouraging work was central to the success of the landmark federal welfare reform act signed by President Clinton in 1996, which “ended welfare as we know it.” To see why, look

at the series of remarkable experiments that Wisconsin began in 1986. These precursors to national welfare reform were launched by Wisconsin Governor Tommy Thompson, who experimented broadly, trying to encourage responsible behavior among the poor: Welfare recipients lost their benefits if their children dropped out of school. They did not receive greater benefits if they had more illegitimate children. “Wisconsin Works” required recipients to work for their benefits. As a result of all this, welfare rolls fell from over 96,000 in 1985 to fewer than 11,000 in 2004. It was “the most thoroughgoing change in social policy” in the last quarter of a century, says welfare expert David Dodenhoff.

“The effects of the reforms seem remarkably positive,” writes NYU welfare expert Lawrence Mead in *Government Matters: Welfare Reform in Wisconsin*. “Not only did dependency plummet, but work levels among low-income adults soared while poverty fell.” Surveying its former caseload in 1998, the Wisconsin Department of Workforce Development found that 58 percent of persons who left the rolls

**Average number of
monthly cash welfare cases
in Wisconsin**



were employed and 82 percent had been employed. Most of these people had regular, not seasonal or temporary, jobs. They averaged 35 hours a week and \$7.95 per hour. Another study by the state's Legislative Audit Bureau found 34 percent of former welfare recipients claimed incomes above the poverty line—47 percent if state and federal Earned Income Tax Credits were included. “It made all the difference whether a welfare-leaver was working or not,” says Mead. Former Wisconsin welfare recipients “who worked all year in 1998 earned an average of \$16,839, or well above the poverty line for a mother and two children. Adding in tax credits, the total rises to almost \$21,000.”

Creeping Job training-ism

Yet even today, Wisconsin officials find it difficult to avoid creeping “job training-ism”—the old habit of allowing welfare recipients to train endlessly for work instead of taking real jobs. “Though a majority of W-2 participants are engaged in some sort of work activity, most are also engaged in education and training,” Dodenoff notes in a 2003 report from the Wisconsin Policy Research Institute (WPRI). “The state must insist on closer monitoring and enforcement” of work requirements. “We’re never going back to a system of entitlements,” says James H. Miller, president of the Research Institute, “but the bureaucracy is slowly going back to diluting the idea of work.”

WPRI and the Hudson Institute, which had a Madison office, spent considerable time studying Wisconsin welfare reform. Founded in 1987, the Research Institute's supporters include the Lynde and Harry Bradley Foundation of Milwaukee. Hudson's Welfare Policy Center, based in Madison, also received support from Bradley and the Buford Foundation in Dallas, the W. K. Kellogg Foundation in Battle Creek, Michigan, and the Foundation for the Mid South in Jackson, Mississippi. Funding the work of such research groups can help guide public and private efforts to a better understanding of what will and will not help to raise people out of poverty.

Work Goes National

The 1996 federal welfare reform act relied on many of the work requirements designed in Wisconsin. The bill ended the decades-old program known as Aid to Families with

Dependent Children, which had long been excoriated for discouraging work and encouraging illegitimacy, and replaced it with a new program called Temporary Assistance to Needy Families (TANF). The emphasis was on “temporary.” By 2002, each state was required to have at least half of its welfare recipients involved in “work-related activities” for at least 30 hours per week. The law also limited most families to five years on the welfare rolls. Federal aid would now be distributed in block grants, and the states were given permission to design their own programs.

“Coupled with superb economic conditions and expanded wage and child care subsidies,” welfare reform “drove the national caseload down by 60 percent through June 2002,” writes Mead. “Virtually all states shared in that progress.” The employment rate among never-married single mothers rose from 46 percent to 68 percent by 2002. In that year, just 8.6 percent of families were in poverty, the lowest rate ever. Poverty among families headed by single mothers was also at an all-time low. Poverty among black children was the lowest ever, and 5.5 million people, 3 million of them children, had risen out of poverty.

Yet problems remained. “Despite the stunning success of work-based programs in moving families into self-sufficiency and reducing poverty, many of those on welfare have been excluded from work requirements,” said a 2002 report by the Heritage Foundation. Only “34 percent of adults on TANF worked in 2000, leaving millions of people unable to progress toward self-sufficiency.”

Under the 1996 Act, states can reduce their required “work-participation rates” for a given year by the same number of percentage points that they have reduced their welfare caseloads. “The caseload reduction credit obliterated the work requirement for the overall caseload,” says Dodenhoff. “Without those credits only 19 states would have met their participation requirements for single parents and only two states would have met the requirements for two-parent families,” adds Michael Tanner, of the Cato Institute. “Given the weakness of the work requirement, few states have made real efforts to require welfare recipients to participate in work activities, and nearly all states have carved out large exemptions from their work requirements.”

Work or Job Training?

“One of the disappointments about the welfare reform debate to me has been how much it’s education/training versus work as a way out of poverty,” says Julie Kerksick, executive director of Milwaukee’s New Hope Project. “I really believe in work *first*. I just don’t think it should be work *only*.”

A 2001 evaluation of welfare-to-work strategies by the Manpower Demonstration Research Corporation in New York found that welfare recipients’ earnings increased only \$1,317 over five years if they were placed in education and training programs, as opposed to \$2,928 when they went immediately into work programs. “Job-search-first programs produced larger immediate gains and, in the medium term, led to larger gains for more disadvantaged groups such as people without a high school credential,” according to another study by Manpower.

In 1993 Abt Associates surveyed 17,000 job-training applicants and found that classroom and on-the-job training programs increased women’s hourly wages by only 3 percent and actually *decreased* men’s wages. When employers were asked the three top traits they seek in entry-level applicants, they cited positive work attitude (66 percent), reliability (66 percent), and punctuality (31 percent). “Having all the necessary training” ranked at the bottom (4 percent).

Job-training programs “cannot provide the work experience that must be built on to achieve self-sufficiency,” insist Robert Rector and Brian Riedl of the Heritage Foundation. “The best job-training program is a job.” Adds Jason Turner, who administered welfare reform in both Wisconsin and New York City, “Programs that concentrate on providing job training are attractive in theory. However, a multitude of studies have found that welfare recipients get and keep jobs more frequently under programs that find them jobs—even minimum-wage jobs—as quickly as possible.” Clearly, donors who want to help the unemployed rise will keep this in mind when analyzing grantees who work with the jobless.

Wisconsin’s welfare reform required work. As a result, dependency plummeted, and work levels among low-income adults soared while poverty fell.

Politics and Policymakers

Then there's the question of whether donors will gain more leverage in the effort to boost employment through the private or the public sector. "The private philanthropic sector spends \$20 billion a year trying to help the poor," says Robert Rector of Heritage. "That may seem like a lot but it's only 5 percent of what the government spends. In addition, the private sector is not particularly innovative in this field. For many philanthropists, the most effective strategy may be to try to influence what the government does."

A number of groups that encourage better government policies in this way exist. The American Institute for Full Employment in Klamath Falls, Oregon, serves as an information clearinghouse for state and local welfare officials. The Institute helped implement the JOBS Plus program in Oregon and Work First in Mississippi. In Philadelphia, Private Ventures' "Working Ventures" researches and exchanges best-practices information in workforce development.

Besides Brookings and Heritage, other nonprofits studying welfare reform in Washington are the American Enterprise Institute, the

Cato Institute, and the Progressive Policy Institute. The Social and Individual Responsibility Project at the American Enterprise Institute researches causes and remedies for poverty, including job training. Cato's health and welfare studies department has challenged the notion that welfare can be reformed and argues it should be abolished outright. The Progressive Policy Institute has recommended work requirements since the 1980s and was successful in persuading President Bill Clinton to accept them. It now makes the case for using government largess to help welfare recipients meet their work obligations.

In New York City, the Manhattan Institute's Center for Civic Innovation is measuring the impact of America's welfare revolution, as is the National Center for Policy Analysis in Dallas. The Acton Institute for the Study of Religion and Liberty in Grand Rapids, Michigan, the Center for Public Justice in Annapolis, the Center for Renewal in Houston, and

Funding research institutes can help guide public and private efforts to understand what helps raise people out of poverty.

the Roundtable on Religion and Social Welfare Policy at the Rockefeller Institute of Government in Albany all study contributions made by faith-based organizations.

Practitioners of Progress

“The most important thing for philanthropists to know is that they should give money to groups that get folks to work,” says Jon Hobbs of the American Institute for Full Employment. “It’s not that education and training aren’t important, but get people into a job, then worry about education and training. Use the job to determine educational needs. That’s much more essential than sitting around a classroom asking, ‘What do you want to do when you grow up?’”

One group worth studying for its success in promoting work is Goodwill Industries International, which has a network of 207 community-based organizations in 25 countries that provide employment services and job training to people with workplace disadvantages and disabilities. As Goodwill puts it, “we help people overcome barriers to employment and become independent, tax-paying members of their communities.” To fund its mission, Goodwill collects donated clothing and household goods and sells them at 1,900 retail outlets. Goodwill also contracts labor services to business and government and receives both government and foundation funding. Nearly 85 percent of its revenues are channeled into job training, placement programs, and other community services. In 2003, Goodwill served 616,830 clients.

The Transitional Work Corporation in Philadelphia is a partnership between the Pew Charitable Trusts, Public/Private Ventures, and the city and state governments. This secular, work-based program is designed to get long-term welfare recipients into the regular labor market. Its highly supervised jobs, most of them in other local nonprofits and government agencies, pay minimum wage for 25 hours a week. Recipients also receive 10 hours of weekly, unpaid “wraparound” training. More than 75 percent of those who complete the program find and keep jobs. “Having our people in transitional work gives us a better chance

Work-training programs can’t provide the experience that leads to self-sufficiency. The best job-training program is a job.

to get to know them,” says president Richard Greenwald. “Working makes people eligible for more work.” Transitional Work Corporation receives support from the Annie E. Casey Foundation and the Joyce Foundation in Chicago.

In Boston, the nonprofit Year Up group similarly offers at-risk, but motivated, mostly low-income men an intensive, one-year training and stipend-based, corporate-internship program—preparing them for a technology-driven economy in which unskilled labor is not so much in demand. Participants are interviewed twice and must sign a 12-page agreement that warns they’ll be sanctioned for drug use and being late for classes. Year Up won a Manhattan Institute Social Entrepreneurship Award in 2003.

The Jobs Partnership is a faith-based organization that trains workers, connects them with employers, and offers continuing support to those who find jobs. Headquartered in Raleigh, North Carolina, the Partnership has expanded to more than 20 other cities. “Our 12-week training is based on biblical principles to help people understand what it takes to succeed,” says CEO David Spickard. “Every one of our students is mentored. You don’t just get a job but community support.”

The Jobs Partnership has served 1,800 people, about 65 percent of whom were on public assistance. More than 80 percent of its students are still employed one year after graduation.

Community and faith-based organizations have a desire to serve a much larger portion of the population, says Stephen V. Monsma, author of *Putting Faith in Partnerships: Welfare-to-Work in Four Cities*. They have real growth potential.

Mindsets and Milieus

Strangely enough, engaging employers is something of a challenge for workforce-development organizations. “In fact, most employers know very little about employment and training programs and many do not take advantage of their services,” says Carol Clymer, author of a 2003 Rockefeller Foundation report. “In a time of changing demographics and impending shortages

Community and faith-based organizations want to help a much larger portion of the population. They have great growth potential.

of skilled workers,” nonprofits can “diminish the risk of hiring employees with limited knowledge of English, lack of education, or erratic work histories, and often do much more at little cost to employers.”

Spickard, CEO of the Jobs Partnership, says many employers don’t entirely understand what a group like his can provide. “We don’t ask them for help, we offer it,” he says. “What kind of jobs do they need filled? What kind of services can we offer? Do they need transportation? Child care? In the end, they ask us, ‘You mean we get this for free?’”

As Kay Hymowitz writes in *City Journal*, “The giant carcasses of failed federal programs like CETA, the Manpower Development and Training Act, the Job Corps, and most recently, JOBS, litter the landscape. This dark background makes the success of STRIVE, a break-the-mold job readiness program utterly unlike government-funded programs, all the more luminous.”

Through relentless experimentation and accepting hard lessons, job development programs such as the Transition Work Corporation, the Jobs Partnership, Goodwill Industries, and the American Institute for Full Employment have hit upon a successful formula. They have added immeasurably to the success of welfare reform. But backsliding is unavoidable, and there is still much work to be done.

“Get people into a job, then worry about education and training. Use the job to determine educational needs.”

IX

Conclusion

Poverty may never be completely eliminated in America, and government will remain involved in helping the poor. But voluntary organizations and philanthropic effort will always play a critical role in aiding the least fortunate among us.

No other nation's economic system has ever done more than America's to boost the material well-being of so many people. Our private sector promotes the public good by creating the prosperity we all desire, by working to ensure that all have an opportunity to benefit, and by responsibly assisting those who need help.

The voluntary impulses of Americans are as old as the economic system itself. Many of them are born from the compas-

Place-based Philanthropy

An increasing number of philanthropists have decided to try maximizing the effectiveness of their giving by directing it not to a specifically defined need or two—financial literacy or higher education, say—but rather to a carefully defined geographic area where many different needs must be addressed.

Among the larger foundations, the Annie E. Casey Foundation in Baltimore has embarked on such a program. In Chicago, the Steans Family Foundation decided to focus its giving on the North Lawndale neighborhood, an economically depressed but revitalizing area on the city's west side. Steans had been supporting an "I Have a Dream" mentoring program for 22 students in Lawndale, but realized that much more needed to be done to help local kids who would otherwise be caught in a cycle of poverty.

In 1995, Steans began its place-based focus on Lawndale. Trustee Robin Steans says, "The challenge is: can we, by working comprehensively, change this from a vicious to a virtuous

sion of faith. Private donors, faith-based organizations, and volunteer efforts have contributed incalculably to the well-being of the less fortunate. And when done well, private philanthropy also allows poor people to keep their freedom and dignity—something bureaucratic programs tend to compromise.

Philanthropy is giving young Emily Suarez Del Real in Milwaukee the chance to learn financial responsibility. It's giving diabetic Jay Erven in rural Illinois an opportunity to obtain decent healthcare. It is giving Napoleon Webb and his callused hands the chance to work with dignity.

Philanthropy is giving Vernon Clemons in the Washington housing project an opportunity to channel his energies towards the public good. It is giving Huy Tran and the Botello sisters the chance to go to college. It is giving Cocoa Chantilly in Scottsdale the chance to expand her hair-braiding business and teach newcomers the ropes. It is giving Larry Stelloh in Milwaukee a shot at a drug-free life.

There are countless other volunteer efforts across the land, all of them supported by Americans giving freely of their

cycle. We know we're going to be into prison re-entry, health, education, jobs, whatever. It's geographically focused, but programmatically broad." In Lawndale, Steans supports asset-building, including Individual Development Accounts, education and youth development, health and human-services, economic-development, and capacity-building programs, along with a newspaper.

In Atlanta, to take another example, after developer Tom Cousins discovered that one neighborhood in the city was responsible for most of its crime, "I decided right then, East Lake was going to be our target," he told *Philanthropy* magazine. Through the East Lake Community Foundation he created, Cousins now supports efforts in the city's East Lake neighborhood to deal with housing, crime, education, and youth development. What had been the city's worst neighborhood has seen crime rates plummet and home values rise. (See "A Civic Hole-in-one," *Philanthropy*, Sept./Oct. 2004.)

time, exercising individual compassion, exploring new methods of aid, and finding programs that genuinely turn lives around. The spirit, the generosity, the tough-mindedness of American compassion is always there. The money is not.

These private groups that help people to help themselves need wise donors who will both support them and also be as tough-minded as they are when they seek to aid others.

All of us need to be challenged to excel. We hope this book has contributed in its small way to the work of donors who strive to help others as effectively as they can.

For additional guidance, the Appendix offers contact information for all the potential grantees, projects, resources, and veteran funders discussed. The Philanthropy Roundtable also stands ready to assist donors with private seminars tailored to their needs.

Acknowledgements

Throughout this project, Donn Weinberg of the Harry and Jeanette Weinberg Foundation in Owings Mills, Maryland, has been very kind and encouraging. His clear commitment to helping people to help themselves inspired both the project in general, of course, but also me personally as I researched and analyzed how to do so during my Roundtable visiting fellowship with Weinberg Foundation support.

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Michael Grebe, Dan Schmidt, and others at The Lynde and Harry Bradley Foundation in Milwaukee, where I am director of research and evaluation, could not have been more accommodating about my taking up the additional duties of this Roundtable fellowship in 2004. Luckily, everyone at Bradley had already become very used to me pushing their patience far beyond what any professional norms would ever require.

Finally, the following donors, researchers, and program participants were all generous with their time and help. They, too, inspire.

Michael E. Hartmann
Visiting Fellow, 2004
The Philanthropy Roundtable

Brian Anderson	Laura Botello	Joseph Dolan
Cathy Ashmore	Stanley Bristow	Peter Droege
Jennine Auerbach	Stuart Butler	Dara Duguay
Jim Beckman	Kevin Carey	Karen Edwards
Drummond Bell	Cocoa Chantilly	Barbara Elliott
Douglas Besharov	Vernon Clemens	Jay Erven
Joann Beyer	Dennis Cochran	Andy Fleckenstein
Ronald Bird	Bob Coté	Heather Glenn
Aaron Bocage	Robert Dickeson	Gale Goldin
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Robert Litan	Isabel Sawhill	Robert L.
Darrell Luzzo	Stephen Schuck	Woodson Sr.
Pete Mackey	Michael Scott	James Worthy
Myron Magnet	William Schambra	Joshua Wyner
Steve Mariotti	Mark Schug	Jenifer Zeigler
Scott Martin	Thomas Shapiro	
Isabel McDevitt	Michael Sherraden	

Appendix

Charities, projects, and resources mentioned in this report

**Acton Institute for the
Study of Religion and Liberty**
161 Ottawa Avenue N.W.
Suite 301
Grand Rapids, MI 49503
616.454.3080
www.acton.org

Alliance of Concerned Men
1424 16th Street, N.W.
Washington, DC 20036
202.462.9700
202.645.5097

**American Enterprise Institute
for Public Policy Research**
1150 17th Street, N.W.
Washington, DC 20036
202.862.5800
www.aei.org

American Indian College Fund
8333 Greenwood Boulevard
Denver, CO 80221
303.426.8900
www.collegefund.org

**American Institute for Full
Employment**
2636 Biehn Street
Klamath Falls, OR 97601
541.273.6731
800.562.7752
www.fullemployment.org

**American Legislative
Exchange Council**
1129 20th Street, N.W. Suite 500
Washington, DC 20036
202.466.3800
www.alec.org

American Project Access Network
5809 East Washington Street
Indianapolis, IN 46219
317.358.1066
www.apanonline.org

**American Tort Reform
Foundation**
1101 Connecticut Ave., N.W.
Suite 400
Washington, DC 20036-4351
202.682.1163
www.atrafoundation.org

**Americans for Prosperity
Foundation**
1726 M Street, N.W., 10th Floor
Washington, DC 20036
866.730.0150
www.americansforprosperity.org

**Americans for Tax Reform
Foundation**
1920 L Street, N.W. Suite 200
Washington, DC 20036
202.785-0266
www.atr.org

Angel Capital Association
 c/o Ewing Marion Kauffman
 Foundation
 4801 Rockhill Road
 Kansas City, MO 64110
 816.932.1447
 800.489.4900
www.angelcapitalassociation.org

**Association of Gospel Rescue
 Missions**
 1045 Swift Street
 Kansas City, MO 64116-4127
 816.471.8020
www.agrm.net

AVID Center
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New York, NY 10019-8016
www.timewarner.com

**Harry and Jeanette Weinberg
Foundation**
7 Park Center Court
Owings Mills, MD 21117-4200
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The Philanthropy Roundtable

The Philanthropy Roundtable is a national association of individual donors, foundation trustees and staff, and corporate giving officers. Its mission is to foster excellence in philanthropy and to assist donors in advancing freedom, opportunity, and personal responsibility.

The Roundtable is guided by the principle that voluntary private action offers the best means of addressing many of society's challenges, and that a vibrant private sector is critical to generating the independent wealth that makes philanthropy possible. The Roundtable is strongly committed to donor intent and to helping philanthropists ensure that their intentions will be adhered to in the long-term administration of their trusts.

The Roundtable attracts independent-minded grantmakers who understand that philanthropy is difficult to do well, and who realize they can benefit from being part of an organization that is dedicated to helping them achieve their charitable objectives. To these ends, the Roundtable offers its Associates three principal services:

- ★ ***Meetingplace:*** The Roundtable offers a solicitation-free environment where donors share ideas, strategies, and best practices.
 - ★ ***Resource Center:*** The Roundtable publishes state-of-the-art information on excellence in philanthropy and connects donors with the best minds in their field.
 - ★ ***Leverage:*** The Roundtable helps donors leverage their resources by enlisting new philanthropists committed to freedom, opportunity, and personal responsibility.
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Associate Programs & Benefits

- ★ An annual three-day conference, held each fall, draws philanthropists from all over the country who desire to network with other donors and hear from renowned experts.
- ★ Regional and affinity group meetings, held in different cities throughout the year, bring grantmakers together to develop effective philanthropic strategies for the causes that concern them most.
- ★ Special consulting and referral services on starting, restructuring, and administering giving programs assist entrepreneurs who are just beginning to think about philanthropy.
- ★ Continuing support and consulting services aid more seasoned donors and foundations who wish to restructure or sharpen their giving focus.
- ★ The influential *Philanthropy* magazine, published bi-monthly, keeps Associates informed by investigating new ideas, developments, and issues of great concern to philanthropists.
- ★ Guidebooks addressing both practical and philosophical matters pertaining to charitable giving provide more in-depth knowledge for particular areas of interest.
- ★ Our website (www.PhilanthropyRoundtable.org) keeps Associates up to date with Roundtable meeting details, printable versions of all our resources, and current and past copies of *Philanthropy* magazine.

The Roundtable's programs and services are available to donors only. The solicitation-free environment we seek to maintain precludes paid fundraisers from participating.

Helping People to Help Themselves

A Guide for Donors

Americans donate tens of billions of dollars a year to relieve suffering. Yet the very size and complexity of these efforts can be daunting. Funders who want to ensure their aid is as effective as possible want to find and support the best poverty-fighting programs, but finding the best can be difficult.

This guidebook is not exhaustive in detailing all that is being done, but it does sketch out several critical, overarching principles that funders should bear in mind, and it also highlights some of the best work addressed to particular challenges, such as health care, worker training, substance abuse, and access to college.

The Philanthropy Roundtable is committed to helping donors effectively aid the poor. The subject often sparks controversy, but we are dedicated to whatever works. We place a special emphasis on advancing the freedom and dignity of the poor, expanding economic and educational opportunities for the poor, and reinforcing personal responsibility among all Americans.

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