
AMERICAN
PHILANTHROPIC
DIVERSITY:

WHAT IT MEANS,
WHY IT MATTERS

Naomi Schaefer Riley



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EXECUTIVE SUMMARY

The distinctive characteristic of American philanthropy is *freedom*.

Americans are free to give to the charities they care about most. Perhaps they want to help repair a school, open a soup kitchen, fund medical research, rehabilitate former prisoners, protect nearby forest land, assist wounded veterans, contribute to a symphony, or support the church of their choice. However Americans want to help, they are at perfect liberty to do so.

The result has been an awe-inspiring display of human ingenuity. The breadth, depth, and variety of American charity has no historical precedent or contemporary parallel. It addresses many thousands of causes, supported by many millions of donors, all of whom take it upon themselves to try to improve their communities in some small way.

Such philanthropic diversity reflects the extraordinary creativity of free people deciding how best to give away their money. It exists because countless individuals freely come together in pursuit of a vast variety of moral goods. Each of these associations has some charitable purpose; each has its own strategy. Each is unique, and each contributes to the rich mosaic of American philanthropy.

The dimensions of our philanthropic diversity are revealed in the religious, geographical, and philosophical scope of American charity.

- *Religious diversity*: America is the most religiously diverse nation on earth. Across the country, individuals freely come together to worship as they see fit, and, inspired by their faith, they willingly practice almsgiving. Virtually every religious tradition on the planet has inspired some form of charitable giving in the United States.
- *Geographic diversity*: Americans contribute to charities in their own neighborhood—and on the other side of the globe. From every corner of the nation, they support what they see as the most deserving charities. It is not unusual to find city donors funding environmental protection, or rural donors funding universities thousands of miles away.
- *Philosophical diversity*: American money flows, for reasons of faith or passion or intellectual interest, to countless causes across the nation and throughout the world. What unites these many donors with vastly different missions and vastly different strategies is their tireless work to try to leave the world a better place.

True diversity does not come from charitable organizations meeting some cosmetic ratio of race, ethnicity, and gender (or any other arbitrary criterion) among staff, boards, and grantees. That is a cramped, narrow, and unnatural understanding of diversity. Rather, true diversity exists when many different individuals and many different institutions freely commit themselves to a sweeping array of charitable activities.

Charitable giving in the United States is diverse because the American people are diverse—diverse in our aspirations, diverse in our beliefs, and diverse in our most deeply cherished values.

PHILANTHROPIC DIVERSITY

We Americans have long prided ourselves on being a diverse people. To some extent, this diversity is a result of circumstance. We inhabit a vast and varied land, which has attracted migrants from every corner of the globe. But, more importantly, our diversity is a consequence of freedom. People come to America, and stay, because this country offers the liberty to worship as we see fit, to speak and write what we believe, and to pursue the livelihood of our choosing. The result has been a creative energy that seems to animate the nation's history, and that has expressed itself in an unprecedented wonder of human variety.

The distinctive characteristic of American diversity is *freedom*. Our diversity is born of free people voluntarily coming together in various ways to achieve common purposes. We may wish to build a church, or launch a business, or feed the hungry, or start a little-league team. The range of possibilities is limited only by our imaginations. As we freely pursue these innumerable goals, our associations will sometimes have memberships that reflect the demographics of wider society. Sometimes they will not. But the result will remain the same: a wide diversity of groups, freely pursuing a wide diversity of moral goods.

But this marvel of human variety is not what most Americans mean today when we talk about diversity. In recent years, a new conception of diversity has come about, one in which the accent falls heavily on individual circumstance, particularly as it relates to race, ethnicity, and sexual orientation. Real diversity, this line of thinking holds, is achieved when the composition of every group in the country—be it commercial, governmental, or non-profit—exactly mirrors the demographic composition of wider American society. By this account, diversity only exists *within* groups. If this idea of diversity were to be achieved, society itself would end up curiously monolithic: every group would look pretty much like every other group.

Diversity in higher education, government, and even large swaths of corporate America has thus come to be heavily—indeed, almost exclusively—identified with race, gender, and sexual orientation. But how much can you really tell about a person or a group of people from knowing how they would check off those three boxes on a questionnaire? Though we often use these characteristics as a kind of shorthand for describing our fellow citizens, they are not necessarily the most interesting aspects of a person's life. So how much could we possibly tell about an entire organization based on the percentages of these demographic groups they count among their members?

As it turns out, there are some who think those statistics are all you need to know—and they are increasingly turning their attention to the nation's philanthropic sector. A Berkeley-based advocacy group called the Greenlining Institute is advancing targeted agendas in several states, from California to New York, Florida, Washington, and beyond. Its demand? That state governments compel American foundations to direct more funding to minority-led nonprofits. Notably, Greenlining only counts money as having benefited minorities if it goes to nonprofits whose boards and staffs are more than 50 percent minority. It seems somewhat less concerned with whether or not a particular grant actually benefits a minority community.

To date, Greenlining has advanced its agenda furthest in California, where it managed to convince a number of legislators and a few nonprofit leaders that the state's racial minorities have not been getting their "fair share" of philanthropic dollars. At the organization's behest, a bill called the "Foundation Diversity and Transparency Act" was introduced in the Cali-

fornia State Assembly in the fall of 2007, which would have required that foundations with more than \$250 million in assets report to the government information regarding the race, gender, and sexual orientation of their boards, staffs, and grantees.

Ultimately, the bill was withdrawn from consideration after 10 of the state's largest foundations made a deal with its backers. They committed to launch a multi-million-dollar initiative to build the capacity of minority-led organizations and to help "train a diverse pipeline of executives, staff, and board members for the nonprofit and philanthropic sectors." In late December 2008, the group (known as the Foundation Coalition) released a report. It committed approximately \$20 million to minority-led and community-based organizations serving minority and low-income communities; \$10 million over three years to joint efforts in leadership training, technical assistance, and organizational capacity support to smaller minority-led organizations; and additional research and analysis of the current state of minority leadership in California's nonprofit community. "That's a good start," said Orson Aguilar, Greenlining's executive director, in the *Wall Street Journal*. But he quickly added that money isn't "a substitute for legislation." As Greenlining states on its website, "It would be irresponsible of us to overlook the thousands of other foundations that have yet to recognize the importance of diversity."

True to its promise, Greenlining is launching similar initiatives in other states. It has specifically targeted Florida and Pennsylvania, and is investigating other states, including New York and Washington. In December 2008, Greenlining released a report on Florida, strikingly similar to the report that preceded

its efforts in California. The paper criticized the 10 largest Florida-based foundations and called on them to direct more of their funding to minority-led organizations. In Pennsylvania, Greenlining persuaded a state representative to seek voluntary disclosure from large foundations and challenged them to increase funding for capacity building and leadership development within minority communities. All of these efforts are based on a very limited definition of diversity, a definition of diversity which holds that the staff and boards of foundations should be required to mirror the racial and ethnic makeup of wider American society. And that passing this aesthetic test is a goal that all organizations, regardless of their missions, should strive to achieve.

If one wants to see what this superficial understanding of diversity has wrought in other sectors of society, look no further than the nation's colleges and universities. Here's a telling example: In September 2000, the University of Wisconsin at Madison made headlines for doctoring a photograph in one of its recruitment brochures. In order to illustrate the school's "diverse" enrollment, the school's admissions officers touched up a picture of a group of (white) football fans. Their alteration? They photo-shopped one of the students, changing his skin color from white to black. "It's a symptom of a much larger problem," a university spokesman told the press in a half-hearted apology. "Diversity on this campus is really not being dealt with. People really don't care about the photo itself. People care about having more students of color on campus."

THE DIVERSITY AMONG CHARITIES IN THIS COUNTRY IS DEEPLY SIGNIFICANT.

What this incident revealed, though, is not that the University of Wisconsin has too many white students (whatever that means) or that its admissions office is engaging in some questionable sales tactics (it is). What it showed is that this understanding of diversity is so superficial, so bereft of any real meaning, that in a couple of minutes, it can be re-created with some graphic design software.

The other concept of diversity, which sees freedom as the indispensable element of the American experience, has a much longer history in this country and takes a much broader view of the national landscape. This vision of diversity pushes us to ask a different question: What if we stopped looking for the right combination of faces in each picture—and instead started looking at all the pictures in the

book? What if we looked at all of the American businesses, at all of the different colleges and universities, at all of philanthropy? We would find institutions with vastly different missions, whose founders were so committed to them that they worked tirelessly and sacrificed in order to see their fruition.

The diversity among charities in this country is deeply significant: It reveals the extraordinary creativity and entrepreneurial spirit of a free society that respects and trusts the individual. This vision appreciates the religious, geographical, and philosophical diversity of philanthropy. Above all, it celebrates the diversity in the dreams and aspirations of distinct individuals deciding how and where to give away their money.

RELIGIOUS PHILANTHROPY

American churches, synagogues, mosques, and temples provide the greatest source of support for many communities in this country. From schools, soup kitchens, and daycare to homeless shelters, prisoner rehabilitation programs, thrift shops, and elder-care—it wouldn't take an observer very long in any American town to notice the sheer number and variety of religiously sponsored charitable programs. The same is true of the work of American religious institutions abroad. From encouraging literacy to fighting disease and poverty, to fostering entrepreneurship and encouraging trade, the faithful here in America have used their checkbooks and their time in a startling variety of ways to address problems in the developing world. Americans give about \$100 billion a year to religious institutions—or almost a third of all charitable giving.

Many of these dollars flow from congregants' pockets to church coffers and then on to charitable causes. But there are also men and women of faith who have done well for themselves and decided to start their own philanthropic foundations, guided by particular religious traditions and devoted to particular charitable causes. Taken individually, these religiously motivated donors do not appear very diverse; many such foundations are staffed and run by people who are uniform in their religious outlooks. But, taken altogether, there is enormous diversity, as donors from many backgrounds—whether Catholic or Protestant, Mormon or Jewish, Quaker or Unitarian, Muslim or Hindu—work to put their faith into action. Diversity thus results across the board, when donors from different faiths create foundations that advance through charitable giving their most deeply held values.

Take B. J. Cassin. A venture capitalist who graduated from Holy Cross College in 1955, Mr. Cassin had long been concerned about the scarcity of students from low-income backgrounds who were going on to attend college. In 2000, he visited two Catholic schools in Chicago, the Cristo Rey Jesuit High School and San Miguel, a school run by the De La Salle Christian Brothers. Where local public schools had failed, these two schools were succeeding. San Miguel, a middle school, set high expectations for academic performance and student behavior, and required its students to spend several more hours in class; it had employed a small army of volunteers and professionals to ensure a student-teacher ratio of 9:1. Parents were paying next to nothing in tuition, and most of its students were going on to the best high schools in Chicago. Cristo Rey, meanwhile, was having its high school students pay for their tuition by working one day per week at clerical jobs for local businesses. Its strong curriculum, combined with the school's emphasis on hard work and job skills, were such that more than 90 percent of its students were going on to college—in neighborhoods with a 50 percent high school dropout rate.

Mr. Cassin was impressed with these two institutions and wanted to improve and replicate these models around the country. Drawing on his business background, he helped the groups of schools, now under the Cristo Rey Network and the Nativity/San Miguel Network, create feasibility studies to determine where to open new locations. His foundation has also helped the schools learn about the best ways to do fundraising and share with each other their most effective educational tools. Since 2000, the Cassin Educational Initiative Foundation has supported 58

Nativity/Miguel initiatives, with a total commitment of \$9.6 million, and has contributed \$12 million towards the creation of the Cristo Rey schools. Today the networks have 83 schools in 30 states, serving almost 10,000 low-income minority children.

At a time when the Catholic church itself is strapped for cash, it is heartening to see that laymen like Mr. Cassin are still religiously committed enough to support what has historically been one of the church's most vital roles. It is clear that the zeal of Mr. Cassin for this project and the deep commitment of the schools' staffs, many of whom belong to religious orders, find their roots in the Catholic faith. But Mr. Cassin has also taken his church's attitude toward helping people of all faiths to heart. And while most of the students attending these schools are black or Latino, Mr. Cassin does not concern himself with such "diversity" statistics. Instead his faith has taught him to see that it is not skin color that makes these children worth serving, but that they are each individuals with great potential who can benefit from his efforts.

Religious individuals like Mr. Cassin often face a question of who would be best served by their philanthropy. While many religious foundations in the United States help members of all faiths, there are also those that have a more specific communal purpose. Many Jewish foundations, for example, reserve a portion of their giving for specifically Jewish causes. And, for a people whose history is as riddled

with oppression as the Jews', this is an important niche. But it is also a testament to the welcome treatment that Jews have received in America that so many Jewish charities do not restrict their activities to benefiting only their co-religionists.

The Koret Foundation in San Francisco practices both ecumenical and communal charity. It supports various arts and educational enterprises—primarily in the Bay area—as well as Jewish causes around the country

and across the world. In 2007, for example, Koret gave tens of thousands of dollars to four different theatrical companies and festivals in California and Oregon that try to interest young kids in the works of Shakespeare. And, in 2008, Stanford University announced its inaugural Koret Fellowship in Korean Studies, which was established to bring leading professionals in Asia and the

United States to Stanford to conduct research on contemporary U.S.-Korean relations, with the broad aim of fostering greater understanding and closer ties between the two countries.

But about half of Koret's grant dollars in 2007 went to projects in Israel, with a large part of that being spent on efforts that will help to create greater Israeli economic independence. As the foundation's mission statement notes, "With our roots in the Jewish community, we embrace the community of Israel, especially through Koret Israel Economic Development Funds (KIEDF); we believe that economic stability and free market expansion offer the best hope

RELIGIOUS PHILANTHROPY MAY BE THE BEST EXAMPLE OF THE TRADITIONAL AMERICAN NOTION OF DIVERSITY.

for a prosperous future.” One of the foundation’s most innovative recent gifts was a \$1 million grant to the Milken Institute to establish a Northern Israel Infrastructure bond. More than a year after the attacks from Lebanon, the area still has high unemployment and poverty. The grant will be used to establish a bond authority and to create a credit enhancement pool for the bond. The leaders of Koret are hoping that this grant will create an incentive for other businesses and philanthropies to invest in this war-torn area.

Unfortunately, there is seemingly no end to the number of areas in the world that could benefit from the largesse of Americans. When it comes to international development, America’s religious philanthropies have taken a very prominent role, giving almost \$9 billion in charity to developing countries in 2006 alone. The disparity between our bounty and the conditions of countries in the third world has always concerned Americans of faith. But the seemingly infinite number of ways in which they have chosen to give to these far-flung communities is a testament to real American diversity.

For foundations with a Christian mission, giving monetary aid to countries in Africa and South America has meant not only an opportunity to bring them greater material comfort, but also a way to bring them spiritual sustenance. The Maclellan Foundation, based in Chattanooga, Tennessee, devotes most of its grantmaking toward Christian causes. Abroad, it has aided in church planting, pastor training and evangelism of all sorts. The famous two-hour docudrama *Jesus*—which was recorded in 1979, has been translated into over 1,000 languages, and has had over 6 billion cumulative viewings worldwide—received initial support from Maclellan.

Maclellan was created in 1945 with money from the former Provident Life and Accident Insurance Company, and its successor, UnumProvident. Maclellan takes its mission from a letter written by the daughter of Provident’s founder. “My own Christian experience has been so precious to me, I long to use my means in a way that will give this privilege to others. The practical and material needs are always so evident that we sometimes overlook the fact that spiritual needs should not be neglected.” Provident, incidentally, was also guided by these principles. It was one of the first insurance companies to cover men working in risky businesses like local coal mines, saw mills, and blast furnaces, who were the frequent victims of accidents. And the company earned a good reputation for actually paying its claims on time.

Today, with assets of around \$400 million, Maclellan has supported Christian groups that emphasize abstinence education and premarital counseling as well as networks of “house churches,” that provide people with a more intimate, less institutional setting for worship. Generous Giving, another of the foundation’s initiatives, encourages charitable giving in others and tries to connect donors with causes that they will find effective and meaningful. Speaking to a reporter for the *Chattanooga Times*, Hugh Maclellan, the chairman of the foundation, said that the family has set a goal of giving away 70 percent of its income, which, he says, “will keep us from buying boats, airplanes, and expensive gadgets which waste time and keep us from focusing on God’s priorities.”

Or consider Stan Swim, president of the GFC Foundation in Utah. GFC—which stands for God, Family, Country—was founded as the Idaho Trust in

1941, by Dudley Swim, an investment manager who was interested in finding more cost-effective ways of delivering health care to rural areas. The Swim family is active in the Church of Jesus Christ of Latter-day Saints, and the guiding principles of the GFC Foundation owe much to the Mormon faith. Stan Swim says that he and his siblings on the board are committed to maintaining the vision that their father and grandfather laid down for them.

A brief look at the philanthropic activities of the Church of Jesus Christ of Latter-day Saints reveals a unique strategy for coming to the aid of the needy. For instance, whereas many religious congregations might open a soup kitchen or send their members to staff one, the Mormons also grow and store their own food. The faith's emphasis on hard work and self-reliance means that its members approach the problem of hunger in a different way from other organizations. The GFC Foundation, with a corpus of about \$70 million, counts such efforts among its major areas of giving. As Mr. Swim explains, his family and their foundation "go back to the idea that individual liberty and individual responsibility must be connected." He cites the passage in Second Corinthians, "Where the spirit of the Lord is, there is liberty."

Crucially, the principle of religious liberty is actually in tension with a conception of diversity that requires every philanthropic foundation to reflect a variety of religious outlooks. Taken to its logical conclusion—wherein a foundation's board, staff, and grantees must resemble the demographic composition of society at large—this notion of diversity cannot abide philanthropy inspired and guided by a particular religious tradition.

If the principle is established that a foundation's board must reflect wider American society, for instance, then 80 percent of the board at Jewish foundations must be Christian. If the principle is established that a foundation's staff must reflect wider American society, then only 2 percent of a Mormon foundation's staff can be Latter-day Saints. If the principle is established that a foundation's grantees must reflect wider American society, then Muslim foundations must give money to schools that teach children the Catholic faith.

In fact, religious philanthropy may be the best example of the traditional American notion of diversity: a wide variety of individual particularities freely working together and naturally culminating in systemic diversity. The second, newer notion of diversity proceeds from a narrow diversity of individual particularities—principally racial, ethnic, and sexual—culminating in systemic homogeneity.

Religious organizations have come under pressure in recent years to make themselves look like their secular counterparts. Whether it's the idea that Catholic hospitals should violate the principles of their church to perform *in vitro* fertilization, or the notion that evangelical colleges should hire more non-Christian faculty members, critics of these organizations so often ignore that it is their unique religious mission that has brought them the success they have earned so far. In fact, it is the common beliefs and backgrounds of their donors, their volunteers, and their employees which bring them to that particular foundation in the first place.

GEOGRAPHIC DIVERSITY

An article in the June 12, 1904, issue of the *New York Times* describes the giving habits of some of the city's then-wealthiest residents, like J. P. Morgan. "One of the Morgan hobbies is keeping boys off the street. As a vestryman in St. George's Church in Stuyvesant Square, he has been the means of organizing a club for this purpose, and out of the club has grown the New York Trade School." The article went on to note that he has also given significant sums to the Cathedral of St. John the Divine, the Metropolitan Museum, the local YMCA, and the preservation of the Palisades. Along with Andrew Carnegie, John D. Rockefeller, and others, Morgan's contributions meant that, according to the article, "of the 80 million dollars expended in philanthropical and charitable donations throughout the United States during the past dozen months, 40 millions came from the pockets of men and women who call Manhattan their home."

Given the concentration of wealth in the United States 100 years ago, this can hardly be a surprise. New York was not only the most populous metropolitan area, but it was also where almost every important business was based. Today, there is no doubt that New Yorkers are still generous, with households in the state giving about \$7.5 billion to charity. But, according to the most recent report from Center on Wealth and Philanthropy at Boston College, as of 2006, the percentage of American charitable giving coming out of all of New York State is only 8.2 percent of all American giving. Residents of California now contribute the most, with 12.5 percent of the total.

As entrepreneurial capitalism has spread throughout the country, so has the geographical base of phi-

lanthropy. A report from the Foundation Center explains: "From the establishment of the first 'modern' or general-purpose foundations after the turn of the twentieth century through the 1970s, U.S. foundations remained concentrated in the Northeast and Midwest regions. In the economic boom years of the 1980s and 1990s, however, the rate of new foundation formation and growth in the resources of existing foundations in the West and the South surpassed the Northeast and the Midwest. As a result, U.S. foundations are now more geographically dispersed than at any prior point in their history." The statistics bear witness to this newfound geographical diversity. According to the Foundation Center, in 2006, foundations in the Northeast granted over \$13.2 billion; in the South, over \$9 billion; in the West, nearly \$8.7 billion; and in the Midwest, over \$8 billion.

The names of a few prominent foundations will show how this shift occurred. In 2007, the Seattle-based Bill & Melinda Gates Foundation paid out more than \$2 billion to its grant recipients. The Walton Family Foundation, based in northwest Arkansas, gave out over \$218 million in 2007. And the W. K. Kellogg Foundation of Battle Creek, Michigan, paid more than \$302 million to grantees last year.

Even in an era of globalization and mass communication, it would not take a traveler long to realize that the different regions of the United States have some distinctive features and a variety of needs. Shaped by their physical and cultural landscapes, the residents of these different regions bring a diverse set of priorities and perspectives to philanthropic giving.

Like J. P. Morgan before them, the philanthropists who began these foundations and those who run them today cannot help but look in their own backyard. And so Kellogg, whose money derives from the cereal brand of the same name, funds the Haven of Rest Life Recovery Program, an intensive drug-rehabilitation center in Battle Creek. Similarly, the Walton Arts Center in northwest Arkansas offers theater, music, and dance performances and visual arts exhibitions generally available only to audiences in larger metropolitan areas. The center has put on performances by Chicago's Joffrey Ballet and exhibitions of works by Joan Miró and Pablo Picasso, making affordable tickets available through local nonprofits. The Gates Foundation announced a \$10 million gift to Seattle University to build a new high-tech learning commons that will help to serve its commuter population.

There are also a number of foundations whose entire missions are specific to their location. The Samuel Roberts Noble Foundation of Ardmore, Oklahoma, for example, has brought prosperity and modern ranching and farming practices to rural areas of a state once known as the "Dust Bowl." Lloyd Noble, whose oil drilling company Noble Corp is still traded today on the New York Stock Exchange, died in 1950 and left a significant portion of his wealth to this foundation. Mr. Noble regularly flew in and out of Ardmore to manage his businesses. From the air,

he saw the significant erosion and other effects resulting from poor farming practices in Oklahoma and north Texas. According to the foundation, Mr. Noble "regarded the land as essential to the future growth, prosperity, and security of our country." The foundation thus has funded scientific research on plant breeding and encouraged local farmers to understand the importance of land stewardship and resource conservation.

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By contrast, the Weingart Foundation focuses on health care, education, and social services—exclusively in southern California, and mostly in inner-city Los Angeles. The foundation's primary benefactor, Ben Weingart, was a long-time real estate developer in the area. He built low-income housing for area residents as part of his business, and the foundation has continued to engage in similar projects since his death. From the support of local Habitat for Humanity programs to

the funding of area Boys and Girls Clubs, Weingart is committed to causes in southern California.

But the geographic diversity in philanthropy is not simply a function of the movement of business and wealth to other areas of the country. It is the result of the ways in which American philanthropy has always been practiced. In his biography of John D. Rockefeller, historian Ron Chernow describes the scene at the Rockefeller breakfast table in the 1880s, before

the great titan had hired some professionals to help him deal with the onslaught of charitable requests he received: “Once grace was said ... [he] pulled out a folder stuffed with appeals from around the globe and assigned them to the children for further study.”

Like many other donors before and since, Rockefeller went to great lengths to give money outside of his own community. Once, two Baptist missionaries came to visit his New York congregation to describe the sorry state of a school they had opened in Atlanta for young black women. Most of the women were provided with only a pencil, pad, and Bible. They had to kneel and write on wooden benches, and there was so little light they couldn't read on rainy days. Rockefeller was moved. Over the next few decades, Rockefeller gave enough money to the school, which was subsequently named Spelman College in honor of his wife's family, who would sustain it into the 21st century.

Today, donors don't have to wait for people pleading worthy causes to arrive at their doorstep. They and their employees travel the world looking for good causes. Bill Gates has not had to enlist the aid of his children in determining the worth of grant proposals he oversees. The foundation's large staff has been able to make significant contributions to combat disease in the farthest reaches of Africa, using some organizational infrastructure that is already there and creating more of their own. And plenty of smaller foundations like Kellogg have been able to help overseas, with programs in Africa, the Caribbean, and Latin America. Kellogg has also looked to poor and rural areas within the nation's borders. Since 1997, the foundation has invested \$65 million in the Mid-South

Delta region, encompassing impoverished communities in Louisiana, Arkansas, and Mississippi. They have funded workforce training programs, home construction loans, individual savings programs, and child-care facilities. The Walton Family Foundation, which has as part of its mission improving K-12 education nationwide, has launched the School District Improvement Initiative, which provides support to the targeted urban school districts of Albany, New York; Columbus, Ohio; Milwaukee, Wisconsin; and Washington, D.C. The districts that receive funding are charged, for instance, with “increasing accountability for school and student performance” and “making student performance and district finances more transparent to parents and the public.”

American charitable giving still tends to be locally focused. What's the best way for a city or state to increase charitable giving? It remains the same as ever: create a local economic environment favorable to wealth creation and economic growth. But if one were to trace the paths of philanthropic dollars in America, it would look like hundreds of airline-route maps superimposed on top of each other, with so many lines crossing in different directions that it would be all but impossible to untangle them. This complex web represents millions of individual donors in diverse locations supporting causes that are dear to them, whether in their own community or on the other side of the world.

DIVERSITY OF INTERESTS

Underlying all of these different philanthropic enterprises is, of course, a diversity of individual interests, freely chosen and passionately pursued. What makes one donor want to encourage better

math and science instruction in our classrooms, while another wants to save endangered species? What makes one donor want to deliver food to elderly shut-ins, while another wants to fight malaria in Ghana?

It is not only the diversity of our interests, but the diversity of our talents that makes American philanthropy so effective. Just as individuals may recognize they are cut out for one kind of job or another, so philanthropists generally realize how their abilities could be best put to use. One philanthropist might be seeking an immediate result with a few individuals. He decides to fund an annual scholarship at a local college. Another might be looking for a longer-term commitment that could affect a bigger population. So she leads a capital campaign for the addition of a library to a nearby school. One donor might want to do it all herself, while another offers matching gifts to encourage a broader level of participation. One donor specializes in startups, another in taking successful pilot programs to scale.

All of which, incidentally, is conducive to effective charitable giving. Think of it this way: How would American philanthropy look if bright, energetic entrepreneurs were not allowed to contribute to the causes that are dear to them? What if they were

told what—and how—they could give, rather than being left to follow their passion? Would they give as much of their time, talent, and treasure? More likely, they would think of it like paying taxes, something they were forced to do, but couldn't muster much enthusiasm for.

George Soros is an example of a donor whose personal story has fueled a variety of philanthropic interests, using different strategies where appropriate. He launched the Project on Death in America, in part because of his own regrets about the way that his parents died. He says he wanted to transform “the culture of dying in America.” As part of this initiative, his Open Society Institute gave \$13.4 million to train 87 medical school faculties in care at the end of life.

Soros is most famous, though, for his contributions to dissident causes in Eastern Europe. And some of these donations are an example of the kind of strategic philanthropy that can mean a little money goes a long way. In 1984, his Hungary Foundation gave 50,000 previously unavailable books to Hungarian libraries, increasing the access of the citizens of his birth country to democratic ideas that the government had kept off limits. He was able to increase the effectiveness of this gift many times over by also giving 200 Xerox machines to the country's universities and libraries. As one researcher who has

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studied this gift explains: “For Soros, the rapid and free spread of information enabled by these 200 copiers was analogous to the spread of openness, tolerance, and modernization he hoped to enable throughout the region.”

The causes that impel Americans to charity are as diverse as their hearts and their minds. And, like hearts and minds, philanthropic purposes change over time. A man finds himself suddenly inspired by an orchestra concert and decides to give his fortune to support music in his community. Or a man has a conversation with his wife, who opens his eyes to a whole new range of possibilities, as was the case with Dr. John V. N. Dorr.

When Dr. Dorr established a foundation bearing his name in 1940, he planned to devote the bulk of its resources to supporting scientific research, particularly in chemistry and metallurgy. But his wife got him to expand the mission with her complaints about the hazards of driving at night and in bad weather. She noted that in bad conditions, drivers would swerve away from the center of the road and get into accidents on the shoulder. She became convinced that if the roads had a line marking the shoulder the way they did in the center of the road, many injuries and fatalities could be avoided. Local and state governments were initially reluctant to make the necessary investments. So the Dorr foundation provided support for much of the research and many of the pilot programs that resulted in the line’s current ubiquity. It may seem like a small thing, but studies showed that the line along the side of the road reduced night-time accidents by 35 percent and resulted in a 37 percent decrease in fatalities and injuries.

Foundations are sometimes criticized for financing causes dear to the hearts of donors, as if giving to a cause that affects you or your family taints the gift itself. But this kind of giving is actually a great source of the strength of philanthropy.

In 1993, financial mogul Michael Milken was diagnosed with prostate cancer. Fifteen years ago, evidence of this disease in such a young man was a death sentence. But Milken put his Wall Street training to good use, strategically deploying his resources to found what is now the Prostate Cancer Foundation. Offering grants of between \$75,000 and \$150,000 at its outset, the foundation revolutionized medical research in this arena. Scientists no longer had to go through tedious government grant processes—worthy projects would receive PCF money within 90 days. But, in return, they had to share their findings with other researchers. In the 10 years after the foundation was started, death from prostate cancer in this country decreased 24 percent. In that time, the foundation raised over \$230 million, giving grants to over 100 different research institutions. As a cover story in *Fortune* noted, “Virtually everyone [in the field] agrees that Milken deserves an enormous share of the credit for the progress made against this major killer.” Milken provides yet another example of philanthropy in action, able and willing to move quickly, think creatively, and assume risks that others (for whatever reason) cannot or will not.

Or consider the case of the Julius Rosenwald Fund, which built 5,000 schools for African-American children in the segregated South. Rosenwald, who earned his fortune in the clothing business and as president of Sears Roebuck, read the autobiography of Booker T. Washington and was mightily impressed. The two men eventually met, creating one of

the most consequential donor-grantee relationships in American history. After contributing \$25,000 to Washington's Tuskegee Institute in 1912, Rosenwald gave another \$30,000 toward the construction of 100 schools for African Americans throughout rural Alabama. Ultimately, Rosenwald schools enrolled *one-third* of Southern rural black pupils. Describing the impact of Rosenwald's total giving in this area, scholar Steven Schindler explains, "At a time when Jim Crow laws and pervasive racism made large scale public support of African-American education highly unlikely, [his] program circumvented popular negative sentiment and sparked public financing for widely underfunded African-American schools."

Extraordinary times can call for such extraordinary philanthropic efforts, but even the everyday push and pull of our political system has inspired much charitable giving. The diversity of issues on the American political agenda today has, not surprisingly, produced a great deal of philanthropic diversity. In addition to launching new institutions, foundations have taken leadership roles on both sides of public policy issues ranging from medical marijuana to same-sex marriage to arms control to climate change. The Ford Foundation has supported environmental law public interest centers while the John M. Olin Foundation has supported conservative legal scholarship. The DeVos Foundation, based in Michigan, has funded organizations that oppose legalized abortion. The Compton Foundation in California, meanwhile, supports population and reproductive health initiatives, including the training of doctors to perform early-term abortions.

While some foundations are looking to make immediate improvements to our social well-being,

others are taking a longer, more philosophical view. The John Templeton Foundation, for instance, supports the study of religion and science. Its interest in the beginnings of the universe and the meaning and purpose of human life are not likely to have an immediate effect on public policy. But who can say that real advances on these questions may not turn out to be among the most consequential philanthropic investments in human history?

ETHNIC AND RACIAL DIVERSITY

When most people ponder charitable giving, they think about individual philanthropic acts—a small donation to their church, say, or a big grant that they heard Bill Gates made in Africa. We don't tend to think about American philanthropy as a whole, the way we might think about education or business or government. Whether it's the way that the media covers the sector or just the way individuals tend to experience philanthropy, our contact with foundations and donors is often limited and discrete.

So it is perhaps only natural that when we are asked to consider whether philanthropy is "diverse," we resort to a racial headcount, or other similarly superficial techniques. But this narrow vision of diversity can hardly do justice to the incredible and varied landscape of American philanthropy. Even the work described in the preceding pages is only a small sample of the true diversity of this arena.

But are race and ethnicity factors that we should consider at all in determining the true diversity of American philanthropy? In a way, they must be. Philanthropy has long been central to American civil society, and it is deeply engrained in the American character to care for all of our neighbors, whatever

their skin color. When we voluntarily take on these philanthropic tasks, the nation as a whole benefits. Philanthropists help improve America every day, whether by building schools, museums, and hospitals, or supporting disaster relief, prisoner rehabilitation, and college scholarships. In millions of ways, donors large and small work to solve some of society's most challenging problems.

Despite the good works of countless philanthropists, activist groups like Greenlining believe that government mandates are necessary to redistribute charity, since (they claim) philanthropists only like to give to people like themselves. So, these groups argue, we should force people of other races or classes onto boards and staffs to ensure that charitable giving is done fairly. This thinking assumes that diversity is skin-deep, that it can be neatly captured in a snapshot, like the one at the University of Wisconsin.

But the conventional vision of diversity will tell you very little about the backgrounds and motivations of individual philanthropists. Roger Hertog, the former vice chairman of Alliance Capital, has given away \$100 million in the last 10 years, much of it for the education of low-income children in New York City. Knowing that he is white and

Jewish doesn't explain his diverse philanthropic objectives—from his donation of scholarship funds to area Catholic schools to his building of a branch library in the Bronx. On the surface, Mr. Hertog doesn't have much in common with the kids growing up there. But he used to. Having been raised in

a one-bedroom apartment in the Bronx with a single mother, Mr. Hertog told the *Wall Street Journal*, "The only place you could actually go and think, not that I pride myself on such great thinking, but you'd go to the library."

Mr. Hertog is by no means unusual. In fact, less than 10 percent of affluent Americans owe their fortunes to inherited money—indeed, nearly *half* of the *Forbes* 400 had parents who did not attend college. And, just as many of those businessmen would thank America for giving them the freedom to earn that money, so too they have also been blessed with the freedom to give it away to the causes they find most important and meaningful.

If American philanthropy sometimes seems like a bustling marketplace, that's because it is. American money flows, for reasons of faith or passion or intellectual interest, to countless causes across the nation and throughout the world. We live in a society that

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trusts the individual, where every person enjoys the opportunity to contribute to the common good according to the dictates of individual conscience. Charitable giving in the United States is diverse because the American people are diverse—diverse in our aspirations, diverse in our beliefs, and diverse in our most deeply cherished values.

Legislative mandates did not create, and will not enhance, this vast experiment in philanthropic diversity. To require or expect each foundation to meet some arbitrary standard of racial balance among its staff,

board, and grantees would undermine the very freedom that makes true diversity in philanthropy possible. Donors remain the driving force in philanthropy, and as more demographic minorities create fortunes in the private sector, they will further enhance America's philanthropic diversity. They will not do so, however, by virtue of their skin color or sexual orientation. Rather they will contribute to our philanthropic diversity with their talent, their inventiveness, and their passion. And once again, it will be freedom that proves the defining characteristic of America's philanthropic diversity.

Naomi Schaefer Riley is the deputy taste editor of the Wall Street Journal. Prior to joining the Journal, she was the editor of In Character, as well as an adjunct fellow at the Ethics and Public Policy Center. Her articles and essays have appeared in the New York Times, the Los Angeles Times, the Boston Globe, the Chronicle of Higher Education, Commentary, Public Interest, and First Things. In January 2005, Ms. Riley published God on the Quad: How Religious Colleges and the Missionary Generation Are Changing America (St. Martin's). She received grants for the book project from the Templeton Foundation, the Randolph Foundation, the Phillips Foundation, and the John M. Olin Foundation.



PhilanthropyRoundtable

1150 17th Street, N.W., Suite 503, Washington, D.C. 20036
T: 202.822.8333. F: 202.822.8325. E: main@PhilanthropyRoundtable.org