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THE WHITE HOUSE

WASHINGTON

September 5, 2000

Dear Colleague:

Last fall the President and the First Lady hosted the first White House Conference on Philanthropy, and we are pleased to send you the enclosed report, which captures the highlights of the discussion and summarizes the conference's recommendations.

The President and Mrs. Clinton wanted the conference to serve as a catalyst for continued activity to promote giving and strengthen America's nonprofit organizations. Toward this end, the President created an interagency Task Force on Nonprofits and Government and asked this group to identify model partnerships between federal agencies and the nation's nonprofits. The Task Force will issue its report on these cooperative efforts and its recommendations on improving them later this year.

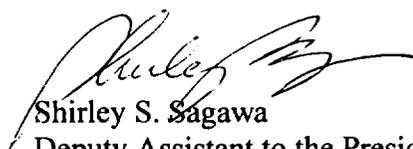
As a result of the conference, the President unveiled a package of new proposals designed to increase charitable giving, including a new deduction for nonitemizers. The Administration's proposals would also simplify the current two-tier excise tax on foundations and would raise the current ceilings on contributions of appreciated stock and other properties for charitable purposes.

The White House Conference emphasized the growing importance of the Internet for philanthropy, and some participants pledged to hold follow-up meetings to explore this topic. Several national organizations and corporations will co-sponsor a forum later this month in San Jose to examine how this new technology can be used to increase giving. "Expanding Philanthropy through the Internet" will be held at the Fairmont Hotel in San Jose on September 25-26, and further information, with a full list of sponsors, can be found on the Independent Sector website at www.independentsector.org

Since the conference, we have met with a number of participants and foundation officials who are working on new initiatives to stimulate philanthropy, including plans by several leading national funders to involve more youth in giving and philanthropic decision-making. Finally, thanks to the generosity of the Charles Stewart Mott Foundation, The South Carolina Educational Television Network will soon produce a 15-minute videotape summary of the White House Conference, narrated by conference participant Paul Newman. For further information about this video, please call 1-800-277-0829.

To learn more about these initiatives or the many innovative projects already underway, we encourage you to read this report and visit our website at www.whitehouse.gov.

Sincerely,

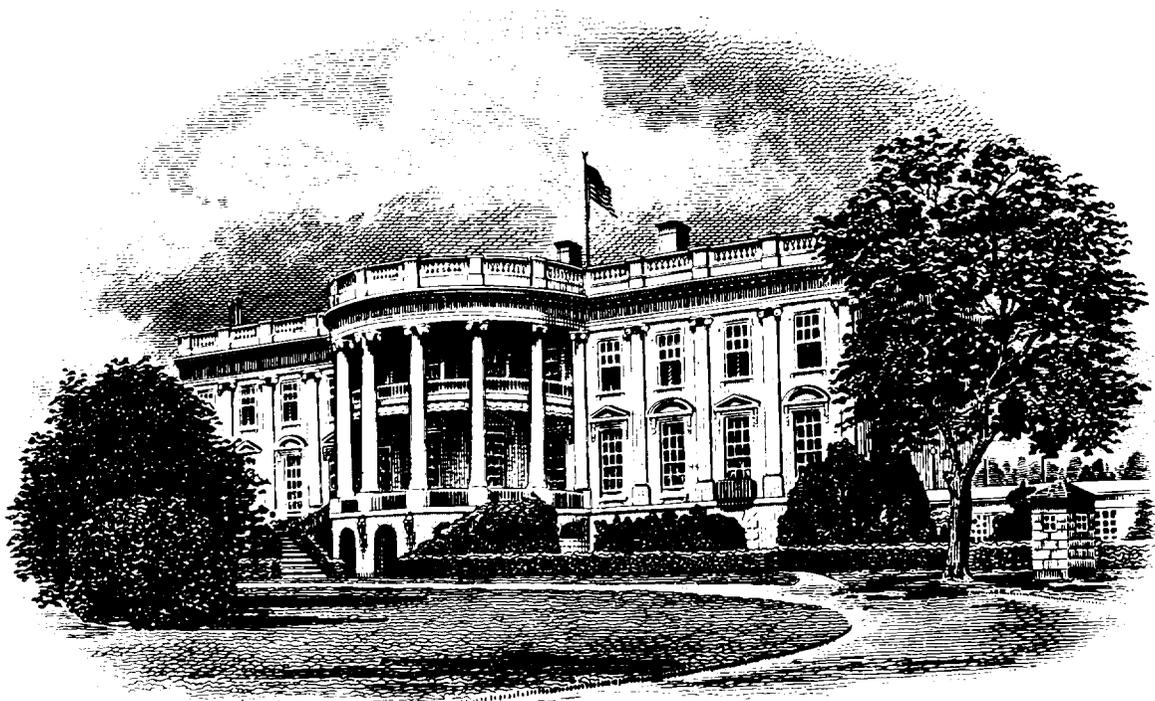


Shirley S. Sagawa
Deputy Assistant to the President and
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Advisor to the First Lady on the Millennium

The White House Conference on Philanthropy



October 22, 1999

The White House Conference on Philanthropy

October 22, 1999

**Co-sponsored by the
National Endowment for the Humanities**

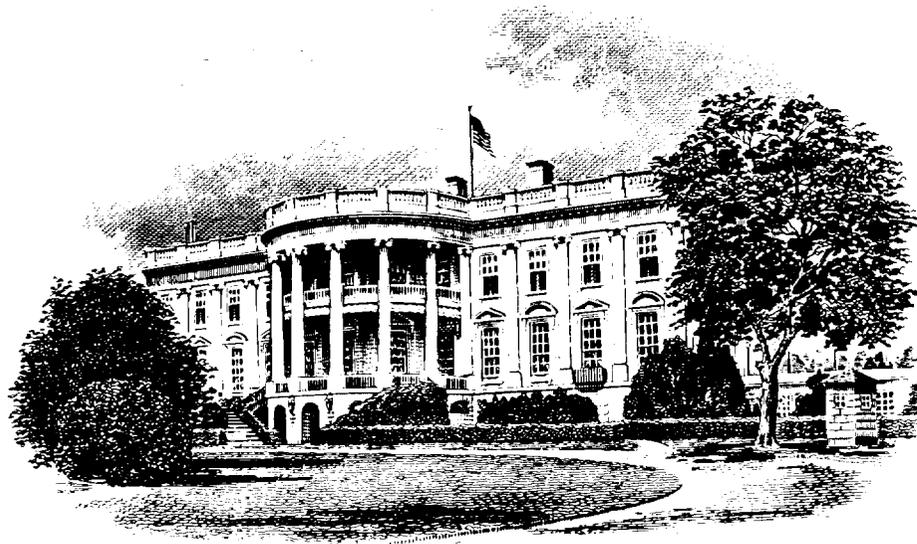


Table of Contents

Executive Summary	4
Introduction	6
Conference Proceedings	10
Follow Up and Results	20
Conclusion	23

EXECUTIVE SUMMARY

On October 22, 1999, the President and First Lady, with the National Endowment for the Humanities (NEH), convened the first-ever “White House Conference on Philanthropy: Gifts to the Future.”

This conference brought together individuals who are engaged in philanthropy—including donors, youth, policy experts, business leaders and representatives from nonprofit organizations, foundations, and educational programs—to highlight this essential American tradition of charitable giving; to discuss the diverse and changing face of philanthropy; and, against the backdrop of eight years of unprecedented economic growth, to explore how to preserve and expand this tradition for future generations.

A portion of the program was broadcast via satellite, permitting people at more than 3,000 sites across the country to tune in and take part.



The White House Conference on Philanthropy was intended to serve as a catalyst for continued activity and dialogue on giving. Follow-up work is proceeding, not only within the federal government, but among and in partnership with those who attended as well as the broader philanthropic community.

The following steps already have been taken:

To improve dialogue and understanding with the nonprofit sector:

The President announced the creation of a new Task Force on Nonprofits and Government to strengthen and support the important collaborative efforts of the nonprofit sector and government. The Task Force will develop an inventory of “best practices” in existing collaborations between the federal government and nonprofit organizations, while working with federal agencies and nonprofit organizations to apply these models to other governmental efforts.

The IRS established a new “Tax Exempt and Government Entities” division. As part of this effort, the Treasury Department also announced the formation of a “Tax Exempt Advisory Committee” to provide a public forum for discussions between the IRS and representatives of nonprofit organizations. This Advisory Committee will enable the IRS to receive regular input with respect to the development and implementation of tax policies and practices affecting nonprofits.

The Department of the Treasury also held meetings with organizations involved in the conference to discuss tax policy and research issues affecting philanthropy and the nonprofit sector.

To help expand our understanding of charitable giving:

The President directed the Council of Economic Advisers to undertake an analysis of the role of philanthropy in the economy, including discussion and interpretation of trends in charitable giving, factors that affect giving, and how the aging of the Baby Boom generation and other trends are likely to affect giving in the future.

To foster a culture of giving in younger generations:

The Corporation for National Service is developing service learning projects designed to give all youth a chance to learn philanthropic values and volunteering. In addition, as a result of the White House conference, a number of private foundations are conferring on ways to promote model programs involving youth in philanthropic giving.

To maximize the potential of online giving:

Independent Sector, a national nonprofit coalition, is working with a wide array of companies and nonprofit organizations to hold a follow-up conference on online giving and what needs to be done to ensure donor trust in this new way of donating.

In his January 2000 State of the Union address, the President unveiled a package of new tax proposals specifically to encourage philanthropy.

First, he proposed enabling nonitemizers to take a tax deduction for charitable contributions. This proposal will boost contributions to charitable organizations, particularly community and faith-based groups, and improve tax fairness by giving nonitemizers the same opportunity to deduct contributions as itemizers now enjoy.

Second, the President’s budget will simplify and reduce the excise tax on foundations. The result of this simplification will be to remove a disincentive to foundation giving and to make available more gifts to community organizations in times of need.

Third, the President proposed making it easier for individuals to donate appreciated assets, including stocks, art and real estate, to charity.

For more details see the “Follow Up and Results” section of this report on page 20.

INTRODUCTION

Moving Forward by Giving Back

America's tradition of giving is one of our oldest and most valued legacies. As Alexis de Tocqueville observed of our young democracy, charity in America is something more than simple compassion: It is an emblem of good citizenship. "Americans make great and real sacrifices to the public welfare," de Tocqueville wrote. "They hardly ever fail to lend faithful support to one another." And today, this tradition of lending "faithful support"—to our neighbors, our community, and those whose faces we never see—is as strong and important as ever. It is one of the fundamental means by which we knit the fabric of our society together, filling in the gaps, repairing the frays, stitching together loose ends—lifting the communal life of our nation, and our own lives in the process.

As we enter the twenty-first century and a new millennium, our nation stands before a time of unprecedented opportunity. What we make of this moment can have a profound impact not only on our lives but on those of generations to come. Helping Americans imagine the gifts that each of us can give to the future has been a lasting commitment of the President and First Lady as our nation begins this exciting next phase of our common American journey—and an important part of the mission of the White House Millennium Council they created to leave a permanent legacy to the nation.

One of the most enduring gifts we can give to our future is a strengthened philanthropic tradition, recognizing that all Americans—no matter their incomes, their backgrounds, their ages—have the power and the means to make a difference. Indeed, as the First Lady said, ordinary heroes of American philanthropy can be found in every community in the land—"wherever an American sees a need and acts to fill it; whenever a child sees another child without books or food at school and offers to share her own; wherever a business person takes stock of all the blessings in his or her life and bequeaths them to those with none."

The fact is, you don't have to be a millionaire or a movie star to give. Every single one of us has something of value to share. And by giving back to our communities, our country and the world, we can make America a better place as we shape our future together.

That is why, on October 22, 1999, the President and First Lady convened the first-ever "White House Conference on Philanthropy: Gifts to the Future." This conference, organized in cooperation with the National Endowment for the Humanities, brought together individuals who are engaged in philanthropy—including donors, young people, policy experts, business leaders and representatives from nonprofit organizations, foundations, and educational programs—to highlight the unique American tradition of charitable giving; to discuss the diverse and changing face of philanthropy; and, against the backdrop of eight years of unprecedented economic growth, to explore how to preserve and expand this tradition for future generations. A portion of the program was broadcast via satellite, permitting people at more than 3,000 sites across the country to tune in and take part. At over a hundred of these satellite downlink sites, conference partners organized local discussions and mini-conferences on philanthropy.

Most importantly, the conference was never intended to serve as an end in itself: Follow-up work continues, not only within the federal government, but among and in partnership with those who attended, as well as the broader philanthropic community. Regional conferences, building on the White House Conference, will be held later this year in New York, Minneapolis, and San Jose, California.

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Key Themes of the White House Conference

The White House Conference underscored the ideas and traditions that make philanthropic giving and private voluntary action a distinctive characteristic of American life, one that deepens our democracy and strengthens our civil society.

In the First Lady's words, "...our democracy thrives, not just because of our free elections and our free markets, but because in that space between government and the economy, our citizens come together to help each other, to lend a hand in times of trouble, to support nonprofit organizations and to look how all of us can make a contribution to doing more."

Many of the traditions of giving in our country are not captured through IRS or other statistics. Families who reach out to other families in need, help members of the community get through tough times, or renovate a playground are practicing philanthropy as well. Volunteer time is another way many Americans give back to their communities—and individuals who give of their time tend to give more financially as well, perhaps because they see first hand the great difference that even a relatively small contribution can make.

Indeed, as Bill White, President of the Charles Stewart Mott Foundation, pointed out, we often take our charitable impulse for granted—but it is just as much a core value of our nation as freedom of speech or freedom of worship. That is why it is so

important to inculcate a spirit of service in our children and pass on a tradition of sharing and giving to younger generations. Through our schools, our religious institutions, and around our kitchen tables, the more we can do to strengthen this core value and sustain it into the future, the healthier and more vibrant our society will be and the fuller each of our lives.

Already, at the turn of the century, American philanthropy is undergoing some profound changes.

Consider these facts:

Americans are giving more. Philanthropic giving increased 10.7 percent in 1998 to an estimated \$174.5 billion, the third straight year of double digit growth in giving. With a strong economy and low inflation, estimates of giving in 1999, just released as this report was going to press, mark a fourth consecutive year of rising gifts and place the total private giving at \$190 billion, a nine percent increase.

The overwhelming majority of this giving comes from individual donors. In 1998, counting bequests, 85 cents out of every philanthropic dollar were donated by individuals. These contributions provide critical resources to colleges and universities, to religious organizations, nearly half of American hospitals and to the vast majority of the nation's social service agencies and civic and cultural organizations.

Americans from every walk of life give to charity. Forty-four percent of families in the under-\$10,000 income range make gifts; 64 percent of families in the \$10,000–\$19,000 range do the same.

During the White House Conference, ordinary citizens who have made extraordinary gifts of time, commitment and resources were recognized as philanthropic heroes. Throughout this report you will find brief profiles and snapshots that capture the diverse faces of American giving today.

MAT DAWSON, JR. **Detroit, Michigan**

Mat Dawson, Jr., has spent his entire 60-year career at Ford Motor Company building wealth to share.

By working overtime and investing his money, this 79-year old forklift operator accumulated enough money to give away more than \$1 million. One of Mr. Dawson's key philanthropic goals is to help young people do what he could not—complete their education. His generosity has earned him two honorary doctorates from Wayne State University and Louisiana State University-Shreveport. At Wayne State University in Detroit, his Mat Dawson, Jr. Endowed Scholarship provides full four-year tuition to deserving students, regardless of race, gender or religion. Other recipients of Mr. Dawson's generosity are the United Negro College Fund, Louisiana State University-Shreveport and the NAACP. In his words,

"I just want people to say that I tried to help somebody."





MYRIAN ARGUELLO BODNER

Louisville, Kentucky

Myrian Bodner, a Louisville, Kentucky homemaker, was devastated by the news of Hurricane Mitch, which left thousands homeless and killed an estimated 10,000 people across Central America in 1998—including many in her native land of Nicaragua. To alleviate the suffering, Ms. Bodner worked with long-time friend and registered nurse Jennifer Salazar to gather medical supplies. First they approached Supplies Over Seas, a medical foundation, to obtain the essentials. Then they asked UPS to fly the cargo to Managua free of charge. Shortly after, hospital beds, IV holders and other supplies arrived in Nicaragua to be distributed by the Red Cross.

Ms. Bodner was there to help. She then reached out to the Mustard Seed Communities and her local church and collected \$250,000 worth of other daily essentials, which were later distributed by Food for the Poor. Aside from acting as a conduit for these works, Ms. Bodner and her family have supported them financially as well. Ms. Bodner felt she had to help: “Those were faces that I knew—that I’ve known all my life.”

Foundation giving, even when adjusted for inflation, has more than doubled since 1990. This dramatic growth in grantmaking reflects the decisions by many thousands of donors to create new foundations. Since 1980, the number of grantmaking foundations has doubled to some 47,000. In recent years strong economic growth has enabled many companies to increase both the grantmaking and the assets of their corporate foundations.

Many American corporations are placing employees at the center of their giving plans. In addition to workplace campaigns, which remain an important avenue for giving, many companies now encourage their employees to give time and money to local civic and charitable organizations—and facilitate such opportunities. In addition, corporate matching programs, which stimulate increased giving by magnifying the impact of individual donations, increasingly draw on the knowledge and commitments of employees.

Despite these impressive gains, Americans can afford to give more. Asset values have grown exponentially, permitting a broader pool of wealth to tap into than ever before. And we are on the verge of the greatest intergenerational transfer of wealth in our nation’s history—some \$12 trillion over the next 20 years.

In part, the rise in dollars given reflects a strong economy. Private foundations are required by law to pay out 5 percent of their assets in grants every year, which means that whenever assets mount, grantmaking goes up as well. The Foundation Center reports that grantmaking jumped 17 percent in 1999, following a record 22 percent increase in 1998. Moreover, low inflation has enhanced the real value of these grants.

In addition, dynamic, innovative high tech industries are creating wealth on a scale not rivaled since the onset of the Industrial

Revolution—producing not only vast new pools of potential philanthropic resources, but also new kinds of donors, with distinctive ideas about how, where and why to give. Much of the “venture philanthropy” emerging from the high tech industries reflects not only new wealth but also different ways of doing business.

Finally, the evolution of philanthropy into the 21st century reflects the changes in our workforce and society at large.

With some 60 million American women in the workforce, women control more wealth and are playing a larger role in decision-making about philanthropy too. A recent study by the National Foundation for Women Business Owners based on a survey of the members of The Committee of 200, an organization of highly accomplished women business owners and executives, found that 73 percent say they are very involved in volunteering their time to charitable activities; 92 percent are actively involved in supporting such organizations monetarily; and more than half donate in excess of \$25,000 every year to charitable organizations.

Ethnic and racial groups are likewise becoming more visible and playing a more central role, building on distinct and often underestimated traditions of giving. And the more these groups become active users of the tools of institutional philanthropy—private and community foundations and endowments, for example—the more powerful their philanthropic influence will be, and the more they will be able to contribute to their communities and country. Many philanthropic institutions already are working to develop effective strategies to attract donors of color, while minority leaders likewise are working to raise awareness within their communities.

Finally, as our population ages, the Baby Boomer and "X" generations will inherit huge sums, permitting greater philanthropic roles and responsibilities. Predictions are that roughly \$12–\$18 trillion will be transferred over the next 20 years—the largest transfer of wealth ever—which could produce an enormous windfall for the philanthropic community, with estimates of the amounts going to the nonprofit sector over the next 20 years ranging from \$1.7–\$2.7 trillion.

As the White House Conference powerfully illustrated, many exciting new models exist and a number of worthwhile experiments and efforts are under way to promote philanthropy among well-to-do and middle income Americans alike. From using the Internet to simplify giving, to integrating the ethic of philanthropy in school curricula, committed individuals and organizations are working hard to extend and expand the tradition of giving into the future.

Yet, despite the soaring stock market and the strongest economy in a generation, giving expressed as a percentage of Gross Domestic Product only now has returned to the two percent level attained in the early 1970s.

In this era of unprecedented prosperity and peace, America can afford to do better.

In her opening remarks, the First Lady put that abstract hope into concrete terms: "Just imagine what revolutionary progress we could bring to America, how many lives we could change, if every American family increased their giving by just 1 percent of their income. We could offer child care to more than 6 million children. We could deliver 250 million more meals to the homebound elderly. We could guarantee Head Start to every low-income preschooler in America. We could provide shelter to 4 million people. We could save all the rare books in our libraries—and still have more than enough money left over to create the equivalent of the Ford Foundation each year."

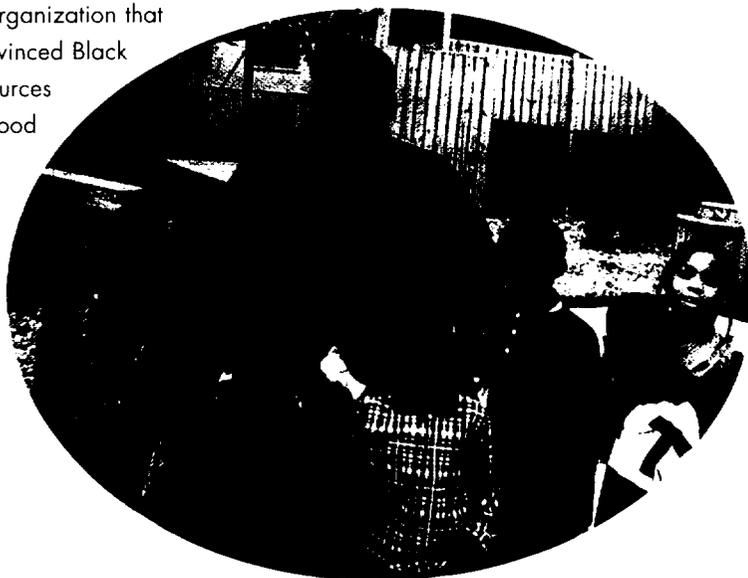
There has never been a better time for philanthropy than today. By stepping forward to fill the gaps in our lives and the life of our nation, we can help our children grow up in an even greater America than the one we know—and, in so doing, give ourselves the great joy that comes of giving to others.

***In this era of
unprecedented
prosperity and peace,
America can afford
to do better.***

WILLIAM SHELTON III

Washington, DC

William Shelton is the Coordinator of Community Relations at Brookland Manor, an assisted housing complex for people of all ages in northeast Washington, DC. A believer in getting things done, he reaches out to help others not only in a professional capacity but personally as well. He has worked to help local children realize their dreams of college by helping them fill out financial aid forms and paying out of pocket for their train, bus or airfare expenses. To further show his determination to help young people, Mr. Shelton not only gave \$500 to KaBOOM!, a nonprofit organization that builds playgrounds in low-income neighborhoods, he also convinced Black Entertainment Television to make a \$5,000 gift and raised resources from others as well. "I want to see every child in this neighborhood have a place they could just be a child," he explained. "A playground, even though it's a small step, is a step that will at least mobilize this community." Mr. Shelton says that his goal is to help people realize that they can use the resources they have to help others. "Just do a bit more than you normally would and you'll see how much you become a part of a community."



CONFERENCE PROCEEDINGS

The Changing Face of American Philanthropy

As Conference speaker Emmett Carson, President of the Minneapolis Foundation and a leading historian of African-American philanthropy, remarked, "The old view has it that philanthropists are wealthy, usually male, often of European heritage, and they practice a top-down, noblesse oblige, rich-to-poor kind of giving." Moreover, as Carson pointedly noted, philanthropy has traditionally been viewed as creating legacies "that start after one is dead...or near dead."

In fact, such stereotypes do not reflect the face, or faces, of American philanthropy—faces as varied and vibrant as the American people themselves.

First, as Carson emphasized, every racial and ethnic group can point to a long history of giving—through churches, community organizations and cultural patterns of generosity that may not fit mainstream notions of philanthropy.

Rebecca Adamson, a member of the Cherokee tribe and Founder and President of the First Nations Development Institute, described how native traditions of giving, sharing and reciprocity are taking modern forms. Tribes such as Prairie Island, Agua Caliente, and the Oneidas of Wisconsin all have major tribal giving programs. Many Native Americans have their own foundations or work through community foundations. Emerging funds, such as the Eagle Staff Fund, pool resources from a variety of donors—more than 50 foundations and corporations and dozens of individuals—to "combine the native culture of giving with strategic techniques of effective grantmaking."

The Hispanic community also has a long and under-recognized history of giving. According to Lorraine Cortes-Vasquez, President of the Hispanic Federation of New York, the Hispanic Federation's 1999 *Latinos and Giving* survey indicates that two-thirds of all Latinos contribute to an institution or a charitable cause. Yet, as Ms. Cortes-Vasquez explained, the levels of giving are actually even higher; Latino giving to the church, to family and neighbors in need, and to relatives back in their homes of origin, are examples of Latino philanthropy that are not captured in formal studies.

"One day," she noted smilingly, "we would hope to have our own Bill Gates, or as my friend Luis Miranda says, our own Guillermo Puerto." In the meantime, a Latinos Fund Collaborative that reaches from Los Angeles to Kansas City to New York is working to strengthen Latino philanthropy at the national level, to raise public awareness and to promote greater giving within the Hispanic community.

African Americans have a long tradition of self-help organizations and other philanthropic vehicles, including nationally recognized and respected institutions such as the NAACP and the United Negro College Fund, as well as less formal but long-standing customs of giving through the church and in the community. Many black celebrities, athletes, entertainers and business leaders are making generous contributions of their wealth and status to benefit various causes.

Women, too, are building on a tradition of organized giving that began more than a century ago with the founding of the American Association of University Women's Educational Foundation. Peg Talburt, Executive Director of the Michigan Women's Foundation, traced the growth of women's funds from the early 1980s, when there were 13 such funds; today there are more than 100 in the United States and a dozen or more around the world. "All of these foundations," she said, "share the similar values of change, not charity; money ensured to get to programs which serve women and girls specifically; the significance of gender; and a desire to engage new donors who share these values." Assets within these funds are growing tremendously, and grantmaking has nearly doubled over the last five years.

The keys to strengthening philanthropy for the future are to ask people to get involved, to tailor the message to new audiences, to find ways that people can feel a direct effect of their participation, and to use employers as a channel for getting people involved through the workplace.

And as women, who already control 51.3 percent of personal wealth, continue to assume economic and professional prominence, their philanthropic power will only grow.

Yet, if American giving is to reach its full potential as the U.S. population continues to change, preconceptions must be shattered, stereotypes must be shelved, and all communities of donors must be recognized and encouraged.

As Emmett Carson forcefully argued, "Nonprofit organizations that have diverse board governance, staffing and program outreach will be well-positioned to earn the trust and support of the new philanthropists. Those that do not will not survive. Organizations of philanthropists, regional associations of grantmakers, and research centers on philanthropy will need to carefully think through how their definitions of membership may need to change and what opportunities for information sharing they may need to provide. Finally, community foundations, because of their work with individual donors and broad interests in strengthening their local communities, are especially well-positioned to play a leadership role in addressing these issues."

A second major factor in the changing landscape of American philanthropy is the shifting generational profile of potential donors, in particular the rising stature of the Baby Boomers, now in their 50s, who stand to inherit some \$12 trillion from their parents in the coming years.

According to pollster Peter Hart, 59 percent of Baby Boomers plan to give more over the next five years—in contrast to only 18 percent of people over age 60 who say the same. Hart explained, "They're also going to be more involved in terms of our communities, because these people plan to leave their careers earlier, and because of that, they look at volunteerism as a central part of their lives. Indeed, a third say, 'it's going to be a very important part of my life.' And they do not want to be asked to do busy work, but they're looking for opportunities that can engage their skills and their abilities."

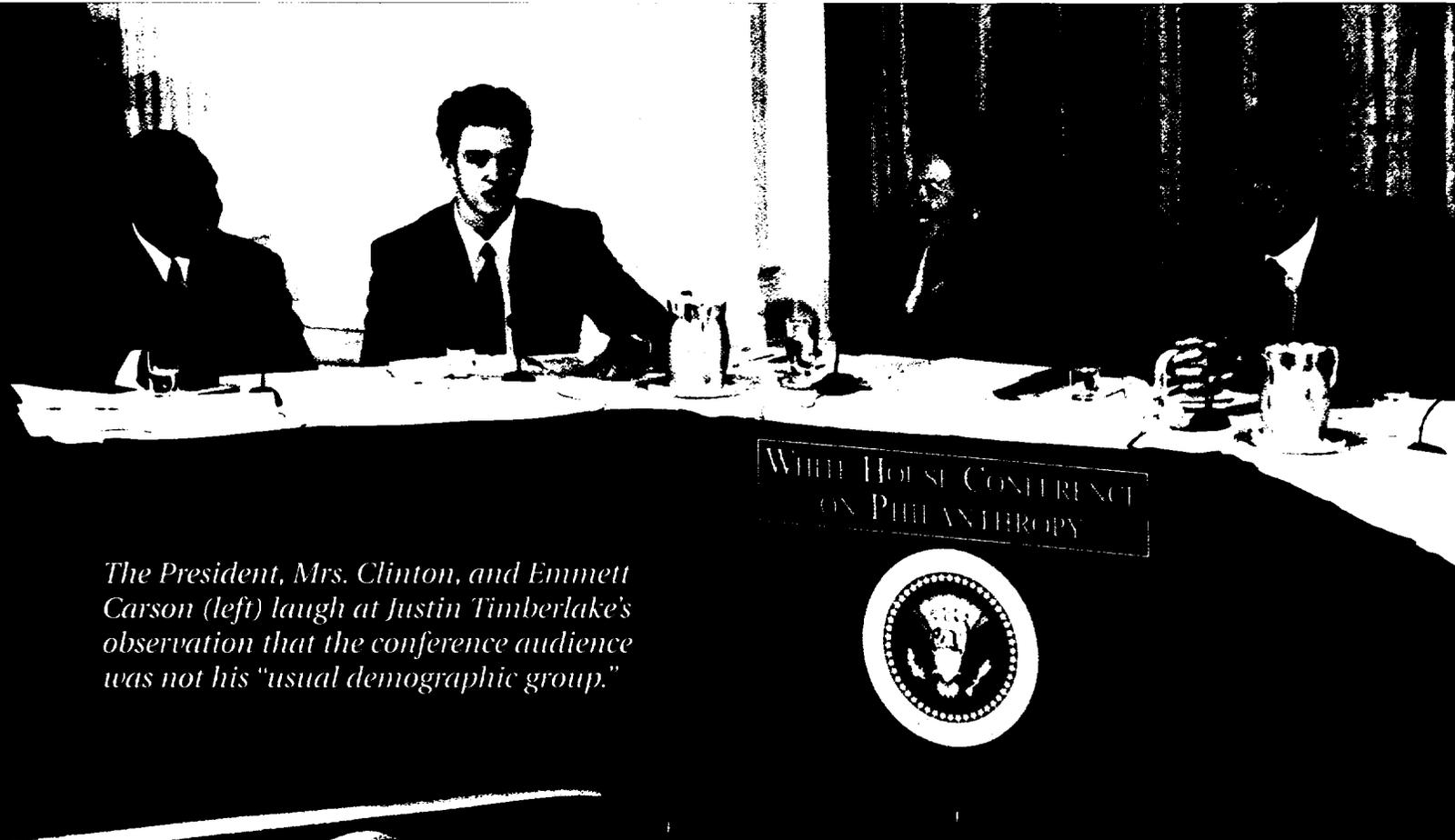
The keys to strengthening philanthropy for the future, Hart asserted, are to ask people to get involved, to tailor the message to new audiences, to find ways that people can feel the direct effects of their participation, and to use employers as a channel for getting people involved through the workplace. As he put it, "Tear up the old play book. Those rules are gone."

"...community foundations, because of their work with individual donors and broad interests in strengthening their local communities, are especially well-positioned to play a leadership role in addressing these issues."

ROLLAND C. LOWE, M.D
San Francisco, California

Rolland Lowe, the first Asian American President of the California Medical Association, founded the Lawrence Choy Lowe Memorial Fund in 1987. This charitable and civic foundation makes gifts to nonprofit organizations for a wide variety of causes in the Chinese community, from ensuring Asian civil rights to the support of capital campaigns for the Chinese Historical Society's museum and the San Francisco Chinatown Public Library. Dr. Lowe has also served in many community organizations and foundations, and worked to provide decent housing for San Francisco's elderly through redevelopment of an old hotel for use as a senior housing and community center. Dr. Lowe and his family have committed more than \$600,000 to the Lawrence Choy Lowe Memorial Fund, while giving generously to other local causes as well.





The President, Mrs. Clinton, and Emmett Carson (left) laugh at Justin Timberlake's observation that the conference audience was not his "usual demographic group."

Young People and Philanthropy: Teaching the Tradition

Just as important as the responsibilities the Baby Boom generation will assume in the philanthropy of tomorrow is the role that younger people in their twenties, the so-called "Generation X," will play.

As Peter Hart explained, these twenty-somethings don't fit the old models. "They have as much idealism and involvement as their older brothers and sisters, or indeed, as their parents. But their idealism is very different. It's not about changing the world, it's about changing their neighborhood." Eighty-five percent of Gen-Xers say their motivation for volunteering and other forms of service is to feel that they are making a difference and helping those in need.

Conference panelist Justin Timberlake, the youngest member of the highly successful teenage pop group 'NSync, described the foundation he recently established to support music programs in public schools. He explained how, growing up in a small town outside Memphis, he yearned for an outlet for his creative energies and ambitions—something his local school could not provide. Now, as a successful musical artist, he is heeding his parents' counsel to always remember his roots, in the hopes that the Justin Timberlake Foundation can help bring world class music programs into public schools nationwide.

For the vast majority of young people who lack the resources to launch foundations or make large dollar donations, there are many other ways to give back. Volunteering is one vital and rewarding form of service; according to Independent Sector's *Giving and Volunteering in the United States, 1999*, 46 percent of Americans aged 18 to 24 devoted time to volunteer activities in 1998, and 59 percent of teenagers volunteered that same year, many of them through their schools. As the President noted, already more than 150,000 young people have stepped forward for Americorps, which celebrated its fifth anniversary the week of the White House conference.

Communities of faith are another important means to nourish and provide outlets for philanthropic behavior. Evan Mendelson, Executive Director of the Jewish Funders Network, described the concept of *tzedakah*—literally, "justice"—through which "every Jew, no matter their economic situation, is expected and asked to be responsible for others beyond themselves and their families." A number of programs in the Jewish community help teach young men and women about philanthropy as they prepare for their bar and batmitzvahs—for example the Seventh Grade Fund at Brandeis Hillel Jewish Day School in San Francisco, a youth foundation that in 1998 allocated \$13,000 to projects not only in their neighborhood but as far away as Kosovo. Another program, B'nai Tzedek, was started by a philanthropist in Springfield, Massachusetts, to promote youth giving nationwide. And, as Ms. Mendelson explained, "Any young Jew can establish a youth endowment fund at the Jewish Fund for Justice, and then choose the youth organization that he or she wishes to support."

Across the country, exciting new programs are giving young people hands-on experience in the practice and rewards of philanthropy. Dorothy Johnson, President Emeritus of the Council of Michigan Foundations, described the endowed youth funds that have been established statewide through the Michigan Community Foundation's Youth Project, with the support of the W.K. Kellogg Foundation. Each year, more than 1,500 high school youth—from honor roll students to adjudicated youth—take part in youth advisory committees, or YACs, to raise and grant monies ranging from a few hundred dollars to more than \$70,000. According to Ms. Johnson, the first group of "YACers," now graduating from college, are "proving that with training and a shared goal, youth can accomplish a lot with limited resources."

Rosario "Chayo" Long-Mendez, a teen member of the Battle Creek Community Foundation Youth Alliance Committee, testified to the impact of the program: "Being a member of the YAC has given me the opportunity to become an active member of the community through grantmaking. It has also allowed me to come into contact with dynamic youth who are determined to make a positive impact on their community. It seems to me that my fellow YACers have become more responsible contributing members of our community as a result of their service."

The Girl Scouts of the USA also have a new means to encourage and teach philanthropy: the "Strength and Sharing" patch. Beginning in 2000, Girl Scouts of all ages will earn interest patches that will help them recognize and

learn from philanthropists in their own families, places of worship, schools, Girl Scout troops, and neighborhoods. The program will allow girls to identify and assist organizations and institutions that meet community needs and understand how their own time and money can make a difference in their communities.

The prototype for the national program is the "Girls and Giving" patch developed by the Michigan Women's Foundation with all 14 state Girl Scout councils in Michigan and with the support of the W.K. Kellogg Foundation. This collaborative program offers training in philanthropy to every level of Girl Scout, from Daisy to Senior Cadet—and has the potential, over the next few years, to reach 130,000 young Michigan women and 13,000 of their Girl Scout leaders.

Peg Talburtt, Executive Director of the Michigan Women's Foundation, also spoke about a program called Young Women for Change, which has two sites in Michigan that together grant more than \$40,000 per year to programs serving the needs of girls. Through this program, young women are trained in philanthropy and leadership. They research the needs of their communities and use their acquired knowledge to fund causes they choose—from fighting discrimination against girls in sports to getting teenage prostitutes off the streets. The experience of giving has a lasting effect: Ms. Talburtt reports that many of the young women who have participated in this program have decided they want careers in philanthropy and have reshaped their educational goals as a result.

GIL CASTELLANOS **Elmhurst, Illinois**

After seeing news accounts of the refugee crisis in the Yugoslav province of Kosovo, 10 year old Gil Castellanos was alarmed. Immediately, he began talking with his mother about the effects of the war and asked her what he could do to help. His mother told Gil to keep the refugees in his prayers. Gil said that was not enough. Working with his 11 year old sister Ashley, 4 year old brother Michael, his cousins—Janet, Ray and Diane Barry and a friend, Taylor Thorpe—Gil created Simply from the Heart, a door-to-door effort to raise \$1 from each resident of his hometown.

Accompanied by his parents, and under local supervision of The American Red Cross of Greater Chicago, Gil's Simply from the Heart raised \$7,200 for Kosovar refugees in six weeks.



Just as organizations are focused on this issue, so young people are making themselves heard. The morning of the White House event, the Corporation for National Service hosted a conference on youth and philanthropy called "Raising the Roof: Youth Voices on Giving," which brought together a diverse group of young Americans from across the country. As Malik Evans, a community leader and a sophomore at the University of Rochester, reported at the White House conference, these youth emphasized three key areas: national policy, media, and education. Their recommendations included the creation of a Cabinet level position focused on youth, a Senate Committee on Youth Service, a youth media association to highlight the positive contributions young people are making, and, crucially, integrating education and service "from kindergarten on up."

Indeed, many conference participants spoke to the importance of inculcating a spirit of service in America's schools. Brian O'Connell, of the Lincoln Filene Center for Citizenship and Public Affairs at Tufts University, pointed out that civics classes—once an integral part of school curricula—have been pushed out of the educational system to make more time for science and other subjects. As he explained, "the rationale became, well, this is not really the

responsibility of education. But if we really look at it...America depends upon people being aware of the blessings of liberty and the responsibilities of supporting it."

Dorothy Johnson, President Emeritus of the Council of Michigan Foundations, described a project under way to teach philanthropy in Michigan schools, K through 12. More than 70 classroom teachers are helping to build the initial curriculum, and more than 100 of the lessons are available on the Internet to educators at home and abroad. Some examples include an elementary school teacher who uses "selfish" and "selfless" to introduce the language of philanthropy as part of a class session on suffixes, or a 4th grade teacher who describes the way the Underground Railroad was run by volunteers and how individuals worked in the independent sector to confront injustice.

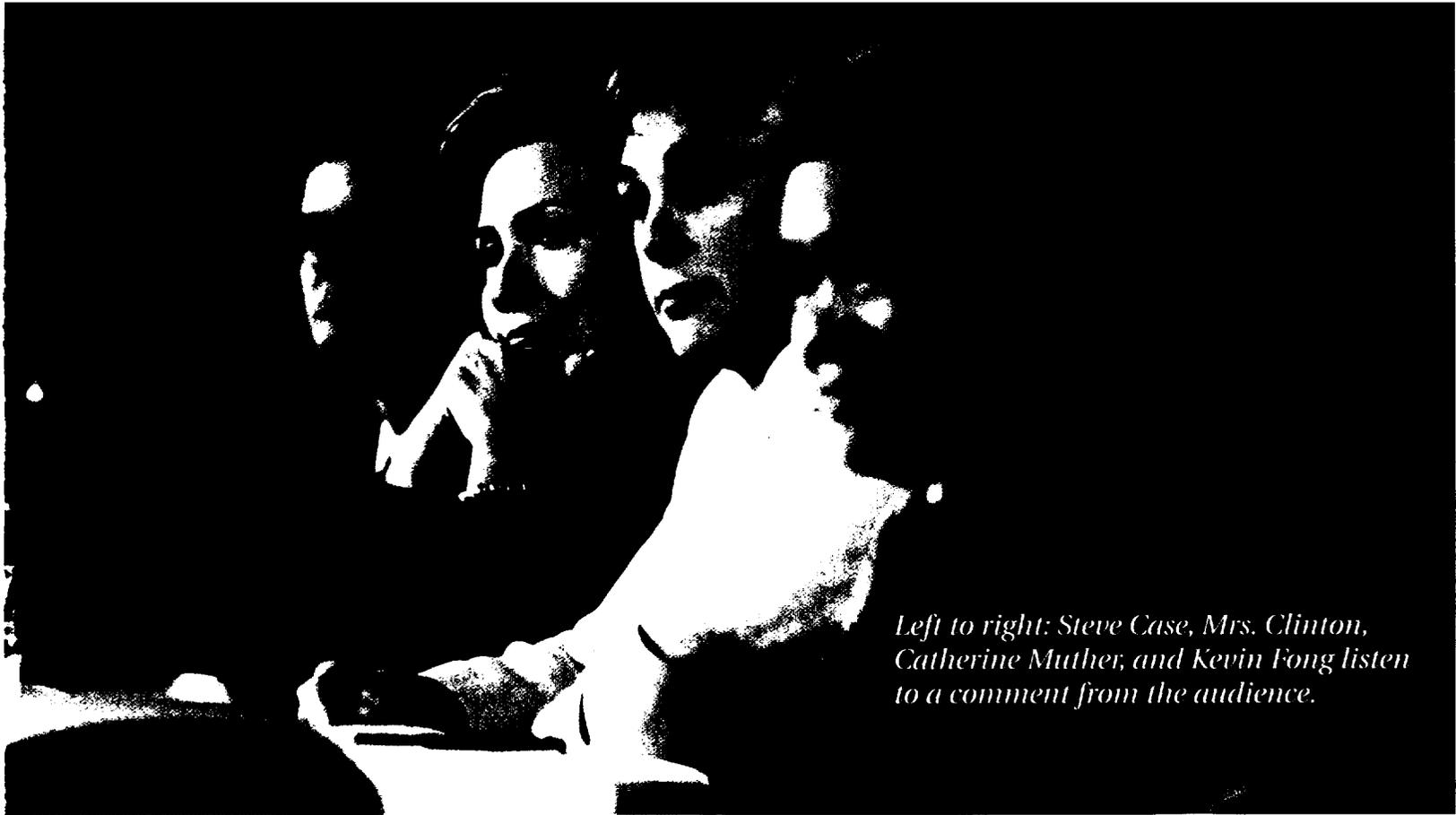
Ms. Johnson's description of Michigan's experience holds lessons for the rest of the country: "We are learning, with the help of our youth in Michigan, that to learn to give you must have the experience of giving. To learn to serve you need to be of service, and to learn the meaning of citizen action for the common good, you need to be exposed in classrooms and beyond to the history and powerful impact of philanthropy."

MATTHEW NONNEMACHER **Hazleton, Pennsylvania**

In 1998, 11 year old Matthew Nonnemacher decided to work with his local United Way to launch "A Million Ways to Care," a penny-drive in Hazleton, Pennsylvania. Inspired by a homework question—"If you had any wish, what would you wish for?"—Matthew set his

mind on collecting one million pennies for the local poor. In conjunction with "Make a Difference Day," local schools were contacted and canisters for pennies were placed in businesses and organizations throughout the Hazleton community, eventually collecting 1.8 million pennies—\$18,000. Matthew is interested in becoming a priest. But rather than wait to help people, he says, he wanted "to help them now."





Left to right: Steve Case, Mrs. Clinton, Catherine Muther, and Kevin Fong listen to a comment from the audience.

Philanthropy With Attitude: New Technology and Venture Philanthropy

If the face of philanthropy in America looks different today than just a decade ago, so too do the means by which Americans support their causes. The explosion of growth in the high tech industry has created new avenues for giving and inspired newly wealthy individuals—from secretaries to senior executives—to take an interest in giving back to their communities. The White House Conference featured three entrepreneurial donors—Kevin Fong of the Mayfield Fund, a Silicon Valley venture capital firm; Catherine Muther, a former Cisco Systems executive who left the corporate world to focus on her philanthropic ventures; and Steve Case, the CEO of America Online.

Mr. Case, whose AOL corporate headquarters in Northern Virginia serve as a reminder that not all of the emerging tech centers are on the West Coast, emphasized the convenience of the Internet in offering potential new avenues for donors and nonprofits alike. As he put it, “You can go to a portal to get to content, or go to a portal to get to commerce, why not go to a portal to find out about organizations that need your help?”

*With only a
few clicks of the
mouse, donors can
find organizations
that could use
assistance*

Just days before the conference, the nonprofit AOL Foundation launched its new website, Helping.org, an e-philanthropy portal that provides Americans who want to lend a helping hand with a convenient way to support the charity of their choice. Helping.org connects users to more than 620,000 charities and more than 20,000 volunteer activities, providing an important new resource for the more than two-thirds of American households that already make charitable contributions, as well as those new to philanthropy. With only a few clicks of the mouse,

donors can find organizations that could use assistance—right in their own neighborhood, or miles from home—and offer whatever resources they have to make a difference.

As Mr. Case underscored, the Internet cannot by itself generate the impulse to give. But for individuals who want to get involved, it can make the process faster, easier, and more convenient. Moreover, it puts more active power in the hands of aspiring donors—enabling them to find information about charities that support the interests they care about, rather than waiting to be contacted by direct mail or over the phone, and speeding the process through which they can contribute or volunteer.

In Mr. Case's words, "a lot of people have really come together to build...this portal for philanthropy, with the idea that we can take all these tens of millions of people who are starting to change their lives because of the Internet and help them change society because of the Internet as well."

As "e-philanthropy" continues to evolve and advance, more needs to be done to ensure that the efficiencies of the Internet are maximized, while protecting the interests and safety of both donors and nonprofit organizations. The same day as the White House Conference, the National Charities Information Bureau (NCIB), together with the Department of Commerce, GreaterGood.com, charitableway.com, and the AOL Foundation hosted an "E-Philanthropy: Technology and the Nonprofit Community" forum to discuss how the ever-increasing use of the Internet will affect the unique American tradition of charitable giving.

In his report on the discussion of online giving that morning, William Massey of NCIB described the four essential cornerstones for nonprofit internet transactions that the forum's participants had identified: security and privacy of information; informed choice that is free of hidden detail; full disclosure, including accurate information on tax deductibility and exactly how charities benefit; and ease in getting answers on-line to questions or issues. In addition, the group plans, in cooperation with the White House, to host additional forums and meetings to extend and expand the dialogue, to encourage best practices in the area of e-philanthropy, and to nurture the

capacity of community-based groups, as well as national organizations, to benefit from the remarkable possibilities of Internet giving.

Meanwhile, the technological revolution that is creating both the flurry of new dot.coms and giving birth to new fortunes also is generating new strategies for giving.

Many new high tech entrepreneurs, Kevin Fong of the Mayfield Fund observed, are still too young to have started their own families, a stage of life that often prompts thinking about gifts to future generations. Others are too busy creating new companies and products to give much thought to other matters—or find that, even if they would like to get involved in their community, they do not have the time. And others simply cannot yet fathom how wealthy their stock options are making them, or how small a donation of money or time it would take to make a difference.

With the sponsorship of the Community Foundation-Silicon Valley, Mr. Fong helped found Silicon Valley Social Ventures, also known as SV2, which is designed to reach out to young professionals and help them get involved in philanthropy intelligently, actively and effectively. As he explained, "the traditional networks of family or church are being replaced...in the valley by the network of the Silicon Valley and by the workplace....[W]ith SV2, we hope to reach and deliver with their peers and with leaders in their industries, and set an example for how they can get involved with the community."

HARRISON STEANS **Chicago, Illinois**

Using financial resources garnered from talents in law, banking, education and finance, Harrison Steans, his wife Lois, and their three daughters co-founded the Steans Family Foundation in Chicago 14 years ago. Committed to the belief that long-term personal involvement with individuals can change lives and communities, the Steans Family Foundation's mission is to improve community development in Chicago. Specifically, they are focusing on the North Lawndale community, identified because of significant poverty and lack of community assets. The Steans have made a ten year commitment to North Lawndale, directing 95 percent of their Foundation's \$1.5 million annual grants budget directly into working with residents. This Lawndale Partnership is directed at six broad sectors: capacity building/leadership, economic development, housing, health and human services, and quality of life.

In addition to his work on the family foundation, Mr. Steans is involved with numerous Chicago based nonprofits as both trustee and director.





ESPERANZA RICH
Seattle, Washington

Born in Mexico, Esperanza Rich came to the United States at eight years of age, eventually moving to Nebraska. Despite many hardships facing this young daughter of a widowed mother—including the language barrier and working long hours in sugar beet fields—Ms. Rich graduated from her Lincoln, Nebraska high school. Throughout the course of her life in Nebraska, Ms. Rich and her family experienced the generosity of two women who brought the family food, clothing and toys every Saturday. These simple Saturday exchanges made these women her role models. Now living in Seattle, Ms. Rich is as generous to people as she feels they have always been to her. Working with the St. Vincent de Paul Society, a Roman Catholic lay organization that fosters personal outreach to poor and needy people of all faiths, Ms. Rich is able to help low-income families obtain food, clothing, bus tickets, rent and utility assistance. She also gives them hope. And to ensure that her charitable works are continued past her own life, Ms. Rich is leaving a legacy to the St. Vincent de Paul Society in her will.

When young business leaders do give, they reflect the attitudes Peter Hart detects in his focus groups. Many want to do more than simply write a check and walk away; they insist on accountability and involvement over the long haul. And rather than giving to traditional charities, which may appear to move too slowly for the Net-speed world, they see themselves as investors in programs that can spark true and durable change—in part, perhaps, because as younger donors they expect to live long enough to enjoy the effects of their involvement.

This new kind of hands-on giving, often described as “venture philanthropy,” borrows heavily from the corporate culture from which its leaders have emerged. It places a premium on taking risks and not being afraid to fail; on being an active giver, not only of dollars but of time; and on measuring performance and results—because, as Kevin Fong explained, “with that accountability comes the ability and the desire to participate and invest again.”

Venture philanthropists also have new tools at their disposal for philanthropic fundraising, in particular “the magic of stock options and founders’ stock.” Stock that may not be worth much when a company is just getting started can generate valuable resources over time; indeed, Mr. Fong described how the assets of the Mayfield Fund’s Entrepreneurs’ Foundation have grown by \$4 million in just two years. Similarly, Catherine Muther of the Three Guineas Fund explained how each entrepreneur who comes into her Women’s Technology Cluster pledges two percent of

the value of the company into an equity reinvestment fund. Over time, as the wealth mounts, the entrepreneurs who helped to create it will share in “making the philanthropic decisions about how that wealth is reinvested in the community.”

Certainly, the impact of these new donors is making itself apparent. The Community Foundation-Silicon Valley has seen its assets grow 25 percent to 40 percent in each of the last three years and expects contributions to double this year. Peter Hero, president of the organization and a conference participant, reports that the foundation is now administering about 675 different philanthropic funds that have been established by living donors, the majority of whom are tied to the high tech industry in some way.

While venture philanthropy offers exciting new resources, practices and players, it also brings a distinct set of values—what Ms. Muther calls “philanthropy with attitude”—that sometimes can make these newer donors seem difficult to work with. As Ms. Muther acknowledged, their sense of urgency can look like impatience. Their confidence can look like arrogance. Their insistence on accountability and results can look like a need for control. But at its best, the new generation of philanthropists can bring not only tremendous resources and talent, but a sense of commitment and the collegiality that characterizes many new start-up companies to the work of hard-pressed nonprofit organizations.

Many firms are making it easier for their increasingly busy employees to find time to give back, by offering community service opportunities and granting leave to pursue them

And, as President Clinton observed at the White House Conference, "the people who are in the high tech community are particularly well-qualified to focus on individual economic empowerment to people and places that have been left behind in this astonishing economic recovery."

There are many additional, innovative ways for people to give in this new era.

Lewis Katz, part owner of the New Jersey Nets, described how he and his partner Ray Chambers bought the NBA team in a nonprofit trust, the Community Youth Organization, to benefit the children of their home towns in urban New Jersey. All of the profits from the team, whether through its operation or sales, are dedicated to minority education, scholarship and mentoring for disadvantaged youth in places like Newark, Trenton, Paterson, Camden and Jersey City. In addition, the team's players have been encouraged to stand for something larger than themselves. The team emphasizes community involvement, featuring the presentation of a scholarship to a local student at every game. Through the difference they are making to New Jersey's young people, the Nets are winners in the most profound sense.

Harvard Business School professor Rosabeth Moss Kanter told of the numerous "service options" that far-sighted employers are offering their workers as benefits in the new economy.

BankBoston, for example, identified organized groups of employees—working parents, gays and lesbians, ethnic minorities—and gave them \$25,000 to disburse as grants to the causes of their choice, much like the "YACs" that Dorothy Johnson described for high school students in Michigan.

This experience with philanthropy inspired many employees to donate more money out of their own pockets and volunteer their time.

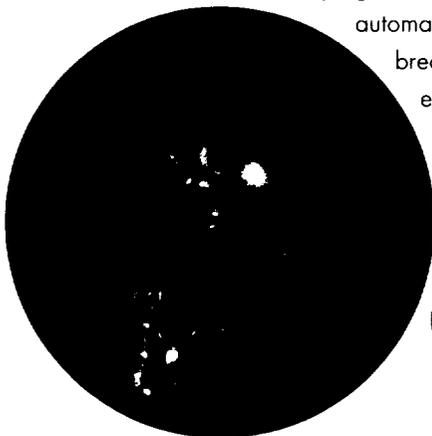
Other firms are making it easier for their increasingly busy employees to find time to give back, by offering community service opportunities and granting leave to pursue them. Timberland provides workers five days each year for community service, much of which is organized together with City Year. Bank of America allows its workers two hours of release time per week if they are volunteering in schools. Home Depot works with KaBOOM! to donate supplies and organize employees to build neighborhood playgrounds.

IBM offers major incentives and inspiration to its employees to get involved—with one-to-one matching grants, and five-to-one matching grants for donations to K-12 education, the company's major philanthropic focus. According to Professor Kanter, in 1998, IBM employees contributed approximately 4.5 million hours of service, some 25 percent of them to early education. And when workers volunteer more than 100 hours a year for a particular organization, IBM rewards their service with an additional \$1,500 grant.

As Professor Kanter emphasized, employees are grateful for the chance to do something for the community. "So, of course, it benefits the company, in building a strong corporate culture, in training leaders of the future, in building teams of diverse people across the company who never would work together if it weren't for community service. So it's not only corporate citizenship...it's community involvement as a tool to build businesses."

MARY GRAYSON **Los Angeles, California**

Mary Grayson, a longtime employee of the U.S. Postal Service, has been a campaign coordinator since 1982 and a donor to the Combined Federal Campaign (CFC) since 1974—giving a portion of each paycheck to charity for the past quarter century. CFC, the nation's largest fundraising campaign, allows 4 million federal employees to give to the charities of their choice through automatic payroll deductions. In 1998, federal workers contributed \$206 million to charity, breaking the 1991 record by \$2 million. Ms. Grayson was motivated to give by the experience of a friend who had two children with sickle cell anemia. Having seen first hand what this disease can do to a family, Ms. Grayson chooses to direct her contributions to various sickle cell disease organizations. A true believer in the power of education, she also contributes to the United Negro College Fund. A former Girl Scout leader, mother of three and grandmother of eight, Ms. Grayson also has served as a parent volunteer with her local PTA and is a trustee at her church.



America Can Afford To Do More

For all the welcome advances in charitable giving, there are still many unmet needs in our country. As Betty Beene of the United Way of America reminded conference participants, in recent years the percentage of giving that goes to health and human service organizations has not kept pace with overall growth or the needs of these organizations. This does not mean we should discourage individuals who wish to support newer causes like protecting the environment or wiring schools. But it does mean that we must always remember our basic responsibility to shelter and care for the neediest of the needy and the poorest of the poor—people whose names we may never know and whose faces we may never see.

It is important to understand that the vast majority of nonprofit organizations depend for survival on small- or average-sized gifts—not the million dollar grants that make the headlines. A broad and sustained commitment by Americans from every walk of life is essential to keep our nonprofit institutions healthy, productive and strong.

At the same time, there are many untapped philanthropic resources from which to draw. Claude Rosenberg, an expert on financial management, believes that part of the problem is that Americans have always been advised to give from their income but not to touch their assets. In fact, he claims, with asset values soaring as they have in recent years, people could give an additional \$242 billion a year to charity without impairing their investment asset wealth or standard of living. Not only does asset donation benefit nonprofits, it offers significant tax benefits to the charitable giver as well.

Certainly, efforts are under way to promote and inspire greater giving. Mr. Rosenberg has founded an organization, Newtithing, which helps individuals calculate how much they can afford to give. Rodney Jackson of the National Conference on Black Philanthropy described his organization's campaign to encourage giving of one percent or more within the African American community. Penny McPhee from the John S. and James L. Knight Foundation in Miami shared an idea from a small foundation in Boulder, Colorado, which asked everyone in the community to donate the last hour of their pay in 1999 to the community foundation. That way, everyone, no matter how small his or her income, could have the experience of becoming a philanthropist.

More ideas like these will be essential to strengthen and sustain the philanthropic impulse so crucial to our democracy. For as the First Lady said in her closing remarks,

"[A]s we move into this new century, looking for new ways to deepen the American philanthropic tradition, I think we are not only doing it for ourselves in every way that can possibly be meant—for our own personal satisfaction, for our own feeling of worthiness, and for our fellow citizens, those we can touch and see and those further distant—but we are doing it to set an example. Because only through the creation of civil society, which depends greatly on volunteerism and philanthropic works, can any society really understand what it means to be a democracy. And then that democracy can be rooted in very, very strong soil."

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FOLLOW UP AND RESULTS

The President and First Lady were determined to ensure that the White House Conference not be an end in itself, but a catalyst for continued activity and dialogue on giving.

In that spirit, the Clinton Administration made a number of commitments in conjunction with the conference.

First, the Administration has intensified its efforts to improve dialogue with and understanding of the nonprofit sector.

In this regard, the President announced the creation of a new Task Force on Nonprofits and Government to strengthen and support the important collaborative efforts of the nonprofit sector and government. Last year, Americans gave an estimated \$190 billion to a wide variety of causes and organizations. Nonprofit organizations convert America's giving into results—helping people in need, providing health care and educating our nation's youth. Nonprofits are uniquely able to identify problems and promote change at the community level. As the sector

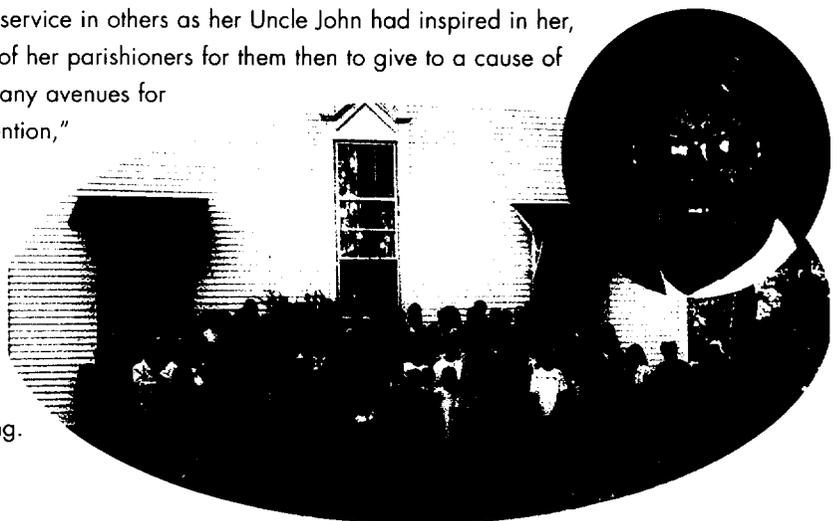
grows, increasing opportunity arises to forge more effective partnerships between nonprofits and government to address public needs. The Task Force will work with the nonprofit sector to identify innovative partnerships between the public and private sectors and apply these models to other governmental efforts.

Also, a new "Tax Exempt and Government Entities" division was recently established at the Internal Revenue Service (IRS). As part of this effort, the Treasury Department announced the formation of a "Tax Exempt Advisory Committee" to provide a public forum for discussions between the IRS and representatives of nonprofit organizations. This Advisory Committee will enable the IRS to receive regular input with respect to the development and implementation of tax policies and practices affecting nonprofits.

Second, to help expand our understanding of charitable giving, the President directed the Council of Economic Advisers to undertake an analysis of the role of philanthropy in the economy, including discussion and

THE REVEREND ANN A. PEARSON North Canton, Connecticut

Not long ago, Reverend Pearson, Pastor of Community Methodist Church of North Canton, Connecticut, inherited \$1,000 from her Uncle John, the inspiration for her faith in God and charitable works. Wanting to nurture an ethic of caring and a lifetime of service in others as her Uncle John had inspired in her, Reverend Pearson decided to give \$10 to each of her parishioners for them then to give to a cause of their choice. "Many folks had not realized how many avenues for giving there were until they really listened with attention," she said. With their "Uncle John" money, members brought new opportunities for community service into the church. Reverend Pearson then published the stories of her parishioners' philanthropy in the Church's bulletin, which profoundly influenced each participant to engage in his or her own journey of giving.



REGINA JENNINGS
Westover, West Virginia

Through careful savings and wise investments, Regina Jennings, a custodian at West Virginia University College of Law, was able to amass a life savings of more than \$93,000. Rather than spend it on herself, she decided to donate the majority of her wealth to the law school where she works—one of the largest gifts the school has ever received. Ms. Jennings made the gift because of her fondness for the school's staff and professors and her deep appreciation of higher education. Her gift has been used to renovate a room at the law school, and this facility—named for Jennings—houses a sophisticated teleconferencing system used for distance education. A portion of the funds will be used to establish an endowment—a lasting legacy of her support.



interpretation of economic factors in charitable giving, and how the aging of the Baby Boomers and other social trends are likely to affect giving in the future. This report is slated for publication in the fall of 2000.

Third, several initiatives have been undertaken to foster a culture of giving in young people. "The White House Conference on Teenagers: Raising Responsible and Resourceful Youth" emphasized the importance of involving young people in service and philanthropy as an important part of healthy development. Two teenagers with extraordinary service records were featured in the plenary session, and two more young service leaders spoke at a session of the conference entitled "Youth as Resources." In addition, the Corporation for National Service, in partnership with nonprofit organizations and private sector sponsors, hosted a National Youth Summit, entitled "Young People: Partners in Fulfilling the Promise," held June 22–25, 2000. The summit highlighted and encouraged service by youth-adult partnerships to better the lives of young people.

In addition, the White House has encouraged a group of foundations interested in sustaining the philanthropic tradition to work together on an initiative to encourage

youth giving. This group has met several times to develop a framework and best practices for the creation of funds that young people might contribute to and manage.

The President's budget for FY2001 requested an increase in funds for AmeriCorps, which engages Americans of all backgrounds in year-long service projects in exchange for money for college. With this \$73 million increase, AmeriCorps would be able to grow to 100,000 new members a year over the next four years. Since the launch of AmeriCorps five years ago, more than 150,000 Americans have served on the front lines in hard-pressed neighborhoods—tutoring in schools, responding to natural disasters, helping to make our streets safer, building homes, and more. In fact, more Americans have served in AmeriCorps in the last five years than have served in the entire history of the Peace Corps.

Since the launch of AmeriCorps five years ago, more than 150,000 Americans have served...In fact, more Americans have served in AmeriCorps in the last five years than have served in the entire history of the Peace Corps.

In addition, the FY2001 budget calls for funds for three new programs. The \$5 million "community coaches" program would support AmeriCorps members, teachers, and counselors in nearly 1,000 schools to help students make the most of their community service and act as a vital link between the school, the business sector, and the local community.

The budget also includes \$3 million for new Youth Empowerment Grants, competitive fellowships that reward young social entrepreneurs dedicated to solving problems in their communities. The Corporation for National Service will award the grants to community-based organizations that sponsor young people who have designed and developed their own projects. Finally, the budget will include \$7.5 million for this national crusade to help all children grow into healthy, strong, and productive adults, including providing opportunities for them to give back through service.

Fourth, to maximize the vast potential of online giving, Independent Sector is working with a wide array of companies and nonprofit organizations to hold a follow-up conference on online giving and what needs to be done to insure donor trust, such as more transparency and full disclosure of relations between for-profit and nonprofit groups.

Finally, the Department of the Treasury held meetings with organizations involved in the conference to discuss tax policy and research issues affecting the nonprofit sector.

In his January 2000 State of the Union Address, the President unveiled a package of new tax proposals specifically designed to encourage philanthropy.

First, he proposed enabling nonitemizers to take a tax deduction for charitable contributions. Currently, 70 percent of taxpayers do not itemize, and as a result they cannot get the tax incentive for charitable giving that higher-income itemizers can claim.

The President's budget will allow these taxpayers to claim a 50 percent deduction for charitable contributions above \$500 a year when the measure is fully phased in. This proposal will

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boost contributions to charitable organizations, particularly community and faith-based groups, and improve tax fairness by giving nonitemizers the same opportunity to deduct contributions as itemizers.

Second, the President's budget will make it easier for funds to reach those in need by simplifying and reducing the excise tax on foundations. Foundations currently face a two-tier excise tax: first, a 1 percent tax on investment income; second, an additional 1 percent tax for foundations that do not maintain their rate of giving over a five-year average. This mechanism is unduly complicated and can reduce giving in certain cases, since boosting gifts in times of need exposes foundations to higher taxes if, after the need has passed, their rate of giving drops back to earlier levels. The President's new proposal will eliminate the two-tier system and set the excise tax rate at 1.25 percent. The result of this simplification will be to remove a disincentive to foundation giving and to make available more gifts to community organizations in times of need.

Third, the President proposed making it easier for individuals to donate appreciated assets such as stocks, art and real estate to charity. Under existing law, individuals donating appreciated assets can take a tax deduction that is limited to 30 percent of adjusted gross income (AGI); for gifts made to private foundations, the deduction is capped at an even more stringent 20 percent AGI. These multiple limitations are complex and can place burdens on individuals who choose to give substantial portions of their incomes to charity. The President's budget simplifies and eases these limitations by increasing the AGI limit on appreciated property from 30 to 50 percent, and the limit for donations of appreciated property to private foundations from 20 to 30 percent. This change will create greater incentives for such gifts.

CONCLUSION

The White House Conference on Philanthropy would not have been possible without the generous support of the following organizations and agencies: The White House Millennium Council, the National Endowment for the Humanities, South Carolina Educational Television, The Charles Stewart Mott Foundation, Community Foundation-Silicon Valley, the J. Paul Getty Trust, the Iscol Family Foundation, and the Marcie Polier Family Foundation.

Many other groups worked hard to help build a national audience for the discussion, including the American Red Cross, the United Way of America, the Forum of Regional Associations of Grantmakers, the National Committee on Planned Giving, and the National Association of Fund Raising Executives.

Just as the White House Conference reflected a collaborative effort, so the energy and enthusiasm of as many people as possible will be necessary to carry our proud history of philanthropy into the century ahead. Sharing our blessings with those who have less, teaching new skills to those eager to learn, and giving back to the communities that support us, can have a lasting and profound effect—not only on those whose lives we touch, but on our own lives as well. Conference panelist Catherine Muther suggested that “philanthropy is the soul of the new economy.” Let us each do our part to nourish that soul, that our souls may be nourished in turn.

*Conference photos: Official White House photos; Sharon Farmer.
Photo of Mat Dawson, Jr.: Courtesy Ford Motor Company.
Photo of Regina Jennings: Courtesy West Virginia University.
All other photos contributed by the individuals pictured.*



To offer comments or for further information about
the White House Millennium Council and
the White House Conference on Philanthropy,

visit the White House website at

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