



# Closing Gap Between New Donors and Charitable Sector is Priority

*Engaging sectors in partnership requires new perspectives, renewed dialog*

by Bob Jones, Ph.D., Chair of the Resource Development Services Advisory Committee

There is much anticipation and speculation in the nonprofit sector regarding the wealth amassed by business entrepreneurs over the past 25 years. Even in these uncertain economic times, this cadre of future philanthropists has created more wealth in that time than in any other period in history. The characteristics and inclinations of this group will have a profound impact on our sector. Engaging these new donors in the “charitable” sector is a challenge that those of us in the child- and family-serving field must take seriously—and now.

As highlighted in the front-page article of the Jan. 10, 2008 issue of *The Chronicle of Philanthropy*, charitable human service organizations are falling behind in absolute dollars and also in percentage of giving from high-net worth donors.

Further, while the top 10 percent of earners saw their income double in the past 25 years, those in the bottom 20 percent saw their income rise a very meager 6 percent in the same period. People of modest means have been the core donor base for human service organizations, but they no longer have the means to sustain their past support, let alone increase it. Thus, *The Chronicle of Philanthropy* makes crystal clear that without strategies and investments to engage affluent donors, the long-term fund development prospects for the charitable human service sector are grim.

Who are the new philanthropists? Mario Morino, chairman of Venture Philanthropy Partners, gave the keynote

speech for the National Philanthropic Trust’s Legacy 2007 Conference last fall where he outlined the characteristics of the new business entrepreneur.

In his remarks he reviews some of the potential and pitfalls confronting new leaders and donors. It is a provocative and informative piece and a must-read for any of us who wish to engage this important sector of the philanthropic world. The speech may be accessed at: [www.vppartners.org/learning/speeches/speech/legacy\\_07.pdf](http://www.vppartners.org/learning/speeches/speech/legacy_07.pdf). In addition to providing valuable information on the characteristics of the business entrepreneur, Morino provides a carefully nuanced exploration of culture and

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dynamics that will drive the unfolding of this important segment of philanthropic leadership.

The biggest challenge charitable organizations face in today’s environment is that philanthropy in America is increasingly not directed toward those who are disadvantaged; gifts are often tax-exempt but not always charitable in an “Elizabethan sense.” This trend is quickening at an alarming rate.

Morino is clearly an exception, but as a group the new wealthy and younger donors are not. More and more of

philanthropy is going to “amenity” charities or, as Clara Miller (“The Looking-Glass World of Nonprofit Money: Managing in For-Profits’ Shadow Universe,” *The Nonprofit Quarterly*, spring 2005) points out, “ego-enhancements.”

In today’s philanthropic environment nonprofit and tax-exempt do not equate to charitable. Similarly, according to the Institute for Jewish & Community Research, the largest and most sophisticated of nonprofits receive 95 percent of the large gifts in the United States. These are trends that we cannot passively watch evolve. As a charitable segment of the nonprofit sector, we must respond and develop the message and language to engage this new class of donor; or else those we are dedicated to serve are at terrible risk.

Although the wealth created in these past 25 years is staggering, it is important to keep it in perspective. Philanthropy alone will never be able to address fully or adequately the unmet needs that child- and family-serving agencies address day in and day out. The simple fact remains that government is the mainstay of support for the poor. As Morino points out in his speech, government provides 85- 95 percent of the funding for the human services sector. Therefore, to have lasting impact for those we serve we must engage our donors and philanthropic investors in partnerships with government.

Yes, I recognize that in today’s culture of skepticism (even cynicism) about government this is a Herculean task, at minimum. Sadly, my own experience in this area is that most high-net worth entrepreneurs can rarely tolerate the often irrational and bizarre nature of the governmental sector—particularly the entrenched bureaucratic arm needed for execution and often so very frustrating to work with.

Further, many high-net worth individuals often have difficulty being a “minority” partner in these change efforts, so we often have to engage them with special and new projects that are on the level that they can “own,” guide, and shape. Clearly, these projects are of benefit to those we serve, but they rarely help sustain or grow the core capacity of the agency’s mission commitment.

Although government dollars are declining, government will remain the majority partner in any economic redistribution on behalf of the disadvantaged classes of society. It is imperative that we find the messages that motivate, and create the opportunities to engage these two very unlikely sectors in partnership for the disadvantaged.

Human services as a sector has many exciting and innovative opportunities for impact and change, yet it is important to remember that we are also in many ways a societal “utility.” Just as the department of public works provides the roads, water, sewers, garbage pickup, and snow removal that we all need, there is a huge network of basic need and essential care for poor kids, disadvantaged elderly, and their families that is increasingly under funded by government. But, at the same time it is not appealing to new donors and business entrepreneurs. Sustaining the infrastructure’s commitment to core services is rarely an exciting or inspiring philanthropic call. Worse, the commitment to basic human need and safety among the government and philanthropy is losing ground at an alarming pace. Reversing this trend will require vision, creativity, and much energy.

I realize that some of us in Alliance for Children and Families membership are more successful in engaging the new “investor” donor than most in the human service sector. But, I also know those dollars and interests rarely drop to the core that supports and nurtures

our mission and the organizational capacities needed. Nor do they frequently support those services that maintain a sustained commitment to the daily and basic needs of the chronically ill, developmental disabled, seriously abused, and others who, due to impediments and impairments, are not realistic “quick success” stories for “projects.”

Venture philanthropy, actually philanthropy in general, can make a huge difference for some, but I am painfully aware of the limitation that our philanthropic success has for the great pool of human need that remains unaddressed.

In the end, maybe it is just a concern, or a bit of sadness, that from 30,000 feet as I pen these words, it looks as if philanthropy is growing in size and visibility but the poor families, marginalized elderly, and abused kids are increasingly remaining poor and left behind as the gaps in power and wealth grow increasingly wide.

Closing on a positive note, I do think there is much opportunity here for us all—and work too. I urge and hope that the Alliance will engage our public policy and our development leadership in dialogue that begins to bridge the divide between nonprofit human services and government. Philanthropy can absolutely have meaningful impact for the disadvantaged, but on a systems level bad public policy will surely undo it all in a New York minute.

I believe Mr. Morino and the Venture Philanthropy Partnership would concur—maybe even consider joining in with us. For as he challenged us in his remarks quoting the African proverb, “If you wish to go quickly, go alone, but if you wish to go far, go together.” Let us go far. ■



Bob Jones is president and CEO of Children’s Aid and Family Services, Inc., in Paramus, NJ. To find out more about Children’s Aid and Family Services, visit their Web site at

[www.cafsnj.org](http://www.cafsnj.org). He is also a member of the Alliance Board of Directors.

## Wish Bob were in the office next door?

Thanks to the *Alliance for Children & Families Magazine* online archives, he’s even closer. Simply visit the magazine’s Web section to find current and past columns on effective fund development strategies and techniques. As Chair of the Alliance’s Resource Development Services and Executive Director of Children’s Aid and Family Services in New Jersey, Jones’ insightful perspectives and practical advice generate dividends for Alliance members.

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