

Transcript

A SYMPOSIUM ON THE FUTURE OF PHILANTHROPY

A Conversation with Five Leaders in the Field

Foundation Center 50th Anniversary Event

November 9, 2006

Diker Pavilion for Native Arts and Cultures

Smithsonian's National Museum of the American Indian

New York City



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“A Symposium on the Future of Philanthropy: A Conversation with Five Leaders in the Field” was held as part of the Foundation Center’s 50th anniversary celebration on November 9, 2006, at the Smithsonian’s National Museum of the American Indian in New York City.

The program was introduced with welcoming remarks by Foundation Center board chairman M. Christine DeVita and president Sara L. Engelhardt. The participants, all emeritus trustees of the Foundation Center, were Steven A. Minter, executive in residence, Cleveland State University; Barry D. Gaberman, former senior vice president, Ford Foundation; Douglas W. Nelson, president, Annie E. Casey Foundation; Douglas X. Patiño, trustee, C.S. Mott Foundation; and Julie L. Rogers, president, Eugene and Agnes E. Meyer Foundation. The speakers brought their diverse perspectives on the field to the discussion, which explored the forces that will drive philanthropy in the decades to come through the lens of lessons learned during the past 50 years. The symposium concluded with questions and comments from the audience.

The transcript of the symposium proceedings is reproduced in its entirety here.

Introductory Remarks by M. Christine DeVita

Good afternoon, and welcome to a really spectacular day in a really spectacular venue. Thank you all so much for coming. My name is Christine DeVita, and I have the distinct honor and privilege of being the chairman of [the Board of Trustees of] the Foundation Center. On behalf of all our trustees, who are appropriately sprinkled throughout the audience, I'm delighted to welcome you to our "Symposium on the Future of Philanthropy," the event that kicks off our celebration of our 50th anniversary.

This milestone in the Foundation Center's history is a golden opportunity to acknowledge its many contributions to philanthropy over the past five decades. But it's also a time to reflect on how far we've come, and where we're going, as we work to build on the Center's distinguished legacy of advancing knowledge about philanthropy. It's more than fitting that we mark this occasion at the Smithsonian's splendid National Museum of the American Indian. Like the Foundation Center, the museum has built a unique collection that presents the scope and diversity of a vibrant community. Both organizations are committed to building broad-based knowledge about their communities and their impact on the fabric of American life. And both organizations are finding new and compelling ways to raise the level of understanding about the communities they serve and support.

If we turn the clock back to the mid-1950s, there was really very little understanding of organized philanthropy and its role in society, despite the significant contributions that philanthropy had made to education, the arts, culture, and other areas of public benefit. Information on foundations was simply uneven and generally hard to come by. The lack of a central source of information on the field was a liability during that period, when the growth and influence of U.S. foundations prompted congressional hearings into their activities.

In response, in 1956 a small group of very smart and enlightened foundation leaders established the Foundation Center to provide more public information and understanding about foundations. This was really a turning point in the history of the field. For the first time, grantseekers, policymakers, the media, and foundations themselves—indeed, any person, rich or

poor, on a public or private mission—had free access to credible, objective information about foundations and their activities. Since that beginning, the Foundation Center has grown in breadth and depth and scope. From its start as one small library, the Center has evolved into philanthropy's information hub, operating in both the physical and the virtual worlds, connecting information-seekers to trusted resources on private grantmaking and the broader field of nonprofit endeavor.

Today, as the Center turns 50, its original purpose is as essential as when it first opened. Rapid changes in the social, economic, and regulatory environments have created increased demand for more information on all aspects of philanthropy. Foundations are once again being asked to amplify their transparency and demonstrate their value to society. Interest in new giving forms continues to evolve, and nonprofits face increased competition for resources in the wake of government cutbacks and the increase in the creation of new nonprofits.

In this new landscape, audiences are asking the Center to provide more, better, and faster information about philanthropy. The Center has responded with a new strategic plan that lays out the ways we will step up to our leadership role to work with all of you to address the needs of our 21st-century audiences. In so doing, we are reaffirming our own vital mission of strengthening the nonprofit sector by advancing knowledge about U.S. philanthropy. I speak for the entire board and staff of the Center in expressing our deep gratitude to those who have come before, who have guided, supported, and contributed to our growth and success over the past half-century. We look forward to working with all of you to build an even stronger, more vital Foundation Center as we embark on our next 50 years. And now, it gives me great pleasure to introduce a woman who is perhaps most singularly responsible for the growth and success of the Foundation Center over the past 19 years—and she started when she was 12, by the way! (Laughter). Sara Engelhardt, our president. (Applause).



Introductory Remarks by Sara L. Engelhardt

Thanks a lot, Chris. Welcome, and good afternoon. We're so pleased that you're joining us to help us celebrate our 50th anniversary. This is indeed an important milestone for the Foundation Center. We're proud of our long record of achievement, and we're indebted to all those who played a part in our amazing evolution, from a single library of books about foundations in 1956 to the nation's leading authority on philanthropy today. You'll find some highlights of our 50-year journey, set against the backdrop of dramatic changes in our society and in philanthropy, in a timeline that's on the home page of our web site and in the center of the anniversary album you should have in your hands. . . .

It seems that we are again witnessing a major cycle of change. It's back to the future all over again, as calls for greater transparency and accountability in organized philanthropy, as well as many other institutions of our American life, ring out across the land. The Foundation Center is responding by creating a whole new body of information and knowledge and 21st-century communication systems in keeping with the new times.

Peter Drucker once wrote, "The greatest danger in times of turbulence is *not* the turbulence; it is to act with yesterday's



logic.” The Center’s board and staff, working closely with our colleagues and with representatives of our many audiences, spent much of 2005 assessing the turbulent times we’re in and creating a strategic plan for the Center, to meet tomorrow’s challenges in this new era of philanthropy. The result: *Building for Philanthropy’s Future: Next Generation Services for the Field* articulates a bold new vision for the Center and for the field.

In this first year of the plan, we’re already applying our vast store of experience in using the latest technologies, as well as our extensive outreach networks, to develop valuable new information and knowledge resources and to make them available to anyone who needs them. Our new initiatives will indeed enable the Foundation Center to build for philanthropy’s future as the next- generation service provider.

We’ve also heightened our outreach to the media and to the wider public to instill broader understanding of the role of philanthropy in our society. In fact, throughout our anniversary year, all five of our regional centers have presented a special series of programs to stimulate discussion on philanthropy in the 21st century. In addition, we’ve conducted more than a dozen *Philanthropy News Digest* Newsmakers interviews, which we’re collecting into a book with an introductory essay by James Allen Smith—Jim Smith is here with us today—that we will send you. . . .

Our capstone program (on our anniversary theme) is this afternoon’s “Symposium on the Future of Philanthropy.” We have a real treat in store for you! Our distinguished panel is made up of some of the most innovative thinkers in the field. Taken together, they have logged well over a hundred years of leadership in philanthropy! (Laughter) Each has a unique perspective on where our field is headed, based on personal experience with where it’s been. In addition, all of our speakers are Emeritus Trustees of the Foundation Center. So, not only are

they experts on philanthropy, they are experts on us! Thank you, Steve, Barry, Julie, Doug, and Douglas. I know we’ll all learn a great deal from this discussion.

Steve Minter, our moderator, served as a Center trustee for nearly a decade and was vice chairman of our board. As the leader of the Cleveland Foundation, the nation’s first community foundation, for close to 30 years, Steve raised the bar for the entire community foundation movement and has provided inspired leadership for the wider foundation field. He came to philanthropy following a 15-year career in public service, most notably as the first Undersecretary of the U.S. Department of Education.

In addition to the Center’s board, Steve has served on the boards of Independent Sector, Community Foundations of America, and the Council on Foundations, among others. He has received numerous honors and awards, including the Council’s Distinguished Grantmaker Award. Today, Steve is executive in residence at Cleveland State University, where he’s strengthening collaborative relationships between the university and the community, and he serves on the board of Rockefeller Philanthropy Advisors. Steve, thank you for putting together this very special anniversary program.

Before turning the podium over to Steve, I’d like to note that this whole program is being captured on videotape for those who couldn’t be here today. We’ll post it at our web site and make it available to our Regional Centers and Cooperating Collections to inspire a continuing discussion about the future of philanthropy.

In closing, I would like to thank Carnegie Corporation of New York (my alma mater), one of the founders of the Foundation Center in 1956. They have supported this symposium with a nice grant to us. So, take it away, Steve! (Applause).

Steven Minter: When Sara called me and said that she had something to ask me, and I’d have to come to New York, I said, “Yes!” (Laughter) And then she explained what it was, and I *still* said “yes,” because this is a very special occasion, and I certainly value the time that I spent being associated with the Foundation Center. I have a special affinity for the Foundation Center because several of my predecessors served on its board and passed on their passion for and belief in its mission.

J. Kimball Johnson served on the first Board of Trustees 50 years ago and represented community foundations on that initial board. Homer Wadsworth, my predecessor, served on this board. I had that privilege, and Susan Eagan, currently the vice chairman of the Foundation Center board, was executive vice president of the Cleveland Foundation at the



“What forces, in your opinion, are likely to shape philanthropy over the next 10 to 20 years?”

Steven Minter, Moderator

time she joined the board. I believe it is in our genes. (Laughter)

When I joined the Cleveland Foundation staff in 1975, we had a library available to the public. It consisted of files of annual reports, microfiche IRS returns (which I never looked at), books, and copies of *The Foundation Directory*. An administrative assistant spent part of her time looking after that generally empty room, and hardly anyone knew that we had such a resource open to the community. That all changed in 1977, when our foundation, with financial assistance from other area foundations, opened a field office with professional staff. It was a real library, accessible to all, and free of charge.

Today, two locations later, it is the mecca for grantseekers, nonprofit executives, volunteer fundraisers, development officers and staff of many foundations, seeking information and

conducting research. It is located next door to the Northern Ohio office of the Ohio Grantmakers Forum. And, in many respects, the Hanna building at 14th and Euclid Ave. could really be called “foundation center,” because not only is the Cleveland Foundation located there, but some other 20 foundations and more nonprofits have gravitated toward that location.

The trustees and staff of the Foundation Center asked me and my fellow panelists if we would be catalysts in stimulating a discussion about the future of philanthropy and engage all of you in that discussion at the right time. Barry Gaberman, Doug Nelson, Julie Rogers, and Douglas Patiño share some common attributes, as Sara has already suggested. . . . Each has long tenure in foundations and public policy formulation. Each has a passion for nurturing and expanding our civil society. Each has a track record of establishing and leading collaborations and public/private partnerships. Each is associated with foundations and nonprofits where the boards and the staff have a reputation for supporting initiatives to build and expand the capacity of the nonprofit sector. . . .

Barry Gaberman served for 35 years in a variety of domestic and international positions at the Ford Foundation. He’s been an influential force in international grantmaking in the social sciences and population and in building a global infrastructure for foundations and philanthropic organizations. He also served as the director of the office of program-related investments, and he’s been a wise Moses for many of us around this country. The Council on Foundations recognized his considerable contributions to the field in presenting him with the 2006 Distinguished Grantmaker Award.

Julie Rogers, like her colleagues on this panel, has been a powerful advocate for civic engagement and collaboration between the numerous groups trying to improve the effectiveness of this sector. In 1986, she joined the Eugene and Agnes E. Meyer Foundation and, as its president, has been an active thought leader at the Council on Foundations, the Foundation Center, the Forum of Regional Associations of Grantmakers, and numerous other organizations.

Doug Nelson has been president and board member of the Annie E. Casey Foundation. That foundation, under his leadership, is nationally renowned for seeking to build better futures for this nation’s most disadvantaged children and families. Doug has extensive public policy experience and is an opinion leader who has written widely on a range of domestic policy issues.

Douglas Patiño is a tireless champion for diversity, inclusion, and community-building. He also is a fellow alumnus of the community foundation field. The vice chancellor emeritus for the California State University system, he has worn many hats while advancing the involvement of minority population groups in philanthropy. His involvement in Hispanics in Philanthropy and in the Association of Black Foundation Executives has been a source of inspiration for me and many others. As you can see from his bio, he is well qualified to share insights about the role

in governance responsibilities of major institutions in the third sector.

And now, to look at the past and think about the future. My fellow panelists and I all agreed on the first question that I was going to ask them. They will give somewhat longer answers, up to seven minutes before I cut them off, to this first question. And then after that, we’ll play it a little loose. You should be thinking about *your* answers to these questions, because we will give you an opportunity to speak, if you like. And I’ve been assured that this is *not* an audience of timid souls. (Laughter)

My opening question to each of our panelists . . . is this: Please reflect on your long career in philanthropy. How have you seen the field change? What forces, in your opinion, are likely to shape it over the next 10 to 20 years? Barry is ready to hit it out of the park! (Laughter)



“ . . . technology has played an important part in allowing for entirely new modes of philanthropy, like Internet giving, to come into being.”

Barry Gaberman

Barry Gaberman: Thank you, Steve. The consistent reference to “long” careers makes me feel ready for the nursing home already! (Laughter) I’m going to make what I hope will be five or six points out of about a dozen I’d really *like* to make, and I hope I’ll have time for those. In doing that, I may slip every now and then between “philanthropy” and “civil society,” and I do so because I find it hard to separate the two. I believe very strongly that one of the primary missions of philanthropy is, in fact, to fund the institutions of civil society. Because, after all, that’s the way we do our work, through those institutions.

So, let me start, and let me do it by a sort of “good news/bad news” way of looking at it. The first point I’d like to make is the extraordinary growth in the models of organized philanthropy that we have today, compared to what existed in the past, and certainly when the Foundation Center came into being. That, if you will, is the good news. It’s the good news, because, if you take a rather simple definition of philanthropy—philanthropy is the capture of private wealth for public purposes—then it stands to reason that the broader the menu is of mechanisms for practicing that philanthropy, the greater the chance that you will attract people to giving that private wealth, because they’ll find something that they’re comfortable with in terms of a model about how they go about doing their work.

So we have, beyond independent foundations that, in fact, exist in perpetuity, community foundations, and family foundations and operating foundations, all sorts of interesting mechanisms, like social venture mechanisms, donor-advised funds of various kinds, giving circles . . . and technology has played an important part in that, often giving more reach to traditional methods, like giving circles, often allowing for entirely new modes of philanthropy, like Internet giving, to come into being.

The *bad* news is that we just have to stop beating each other up over which of these models we employ, because it’s getting a little tiresome. For those that were part of the traditional set, I

think we can dispense with the notion that we think all the new things are old wine in new bottles. And for those that are in sort of the “new” mode, I think they can recognize that, in fact, those who want to exist in perpetuity and have a trans-generational impact are every bit as legitimate as those who want to give while they live. And so, I think we can stop that discourse and get on to more important things.

Second: the explosion of infrastructure. The fact is, and the good news here is, that the sector is just so much better served because there are so many institutions out there dedicated to serving the sector. The bad news, unfortunately, is that during the “go-go” years—in the 1990s in particular, starting in the 80s and on—we, in a sense, allowed a whole host of institutions to come into being, and we did so without much regard for their sustainability over time, frankly, or their redundancy. Now we’re in a different era, and we’ve got to face the music. What we’re going to do is see a shakeout: a shakeout that’s going to mean some institutions won’t exist and some will have to exist at a much reduced level. Others are going to have to merge or craft strategic alliances so that they can be more effective and efficient in what they do. That’s a shakeout that you can either lament or you can see it as an opportunity for us to really envision that infrastructure in a bolder new way as we move forward.

Third, I want to speak about professionalization. We went through a period in which foundations were generally headed by generalists to a period in which we started bringing in subject matter professionals. The good news was, we had people now that really knew something about the areas in which we were going to fund and could engage in a discourse with the grantee organizations. The bad news is that those people who came in with that subject matter focus tended really to care very little, or not as much, about the broader institution and the capacity. They were focused on the project, and we had a shift that took place, that really moved away from general support to more and more project-specific support. That’s the bad news side and the unintended consequence.

Now I don’t think anybody says we should go back to a period in time where we’re going to hire people who don’t know anything about their subject matter. But in fact, what we’re learning is that this really requires a dual-discipline expert. It’s got to be someone who comes in, who understands their own subject matter on the one hand *and* who’s going to understand the craft of grantmaking on the other hand. That is a craft that we can teach and that people can learn, and I think that will redress the balance.

Fourth: the huge accumulation of resources and assets that is occurring and is going to occur in the next generation. It’s about half a trillion dollars today, captured by the foundation world. Just with regular growth, over the next generation or so that’s likely to go to \$2–3 billion. That’s the good news. A lot of money to do a lot of stuff with.

Steven Minter: Two to three *trillion* dollars.

Barry Gaberman: Two to three *trillion*—excuse me. The bad news is that I think that the public sector will wake up, will take a look at that, and will say, “Gee: \$2–3 trillion! I don’t think we ever intended *that* volume of resources to be outside the direct oversight of the public sector. I think what we’re going to have to do is figure out a way that whatever regulations come down on that are going to be the least onerous, and there really are three things that help us there: one is the continuing accountability of the sector; the second is the governance of the sector; and the third, and rather new thing, and very important, is the effectiveness and the demonstration of effectiveness.

That’s a sort of new challenge for us, and if you take a look at some of the early attempts to measure the effectiveness of foundations, they were a little sophomoric and a little embarrassing, I thought. But that’s the growth industry. It’s getting better and better every year, and it’s incredibly important. I think accountability, governance, and effectiveness are the three things that are going to help us to make that regulation less onerous when people realize the resources that we have under our command. I’m going to stop there for now.

Steven Minter: Boy, that’s very good! (Laughter) Julie, what is left for you to say?



“... the intergenerational transfer in our region will probably produce \$460 billion coming to nonprofits in the next 50 years.”

Julie Rogers

Julie Rogers: Well, we all love each other, because we served together on the Foundation Center board and had a wonderful time. And some of us haven’t seen each other in awhile, and we did not compare notes ahead of time. So, fortunately, he didn’t say *everything* there was to say! (Laughter) But it’s really wonderful to be here, and I want to thank Chris and Sara for all the wonderful work that you and the current trustees have done in the last few years since I was on the Center’s board.

I think that I come at these questions from the perspective of running a mid-sized, regional institution, and it’s different, because we don’t do anything around the globe, and we really don’t do anything in the nation. It’s really all in metropolitan Washington, DC, which is now an incredibly diverse region of six million people. We’ve been doing the work for about 62 years, and we have an asset base of \$200 million. I guess our special claim to fame is that we have an incredible passion for building the capacity of the community-based, nonprofit organizations with which we work.

So, that’s sort of the way I come at the question. I think my sentence here about what I observed was, lots of new funders and new vehicles, professionalization, developing of a burgeoning infrastructure, and enormous changes in global giving, which I’m not an expert on. Let me just say one word about the burgeoning infrastructure. I think that in the time I’ve been in the field there has been really incredible development of regional associations of grantmakers and affinity groups. And, as the shutdown happens, which I agree will happen, I think it’s

really important that, to me, working in one piece of geography, the real work gets done in the relationships among funders and with policymakers that happen in those two places. And so, I hope in the shakeout we have some special place in all of our hearts for those kinds of organizations to continue to thrive, even though resources are so scarce.

I was going to look more to the future and talk a little bit about the enormous volume of money that may or may not come to nonprofits through all these wonderful vehicles. I do not think that it's a given. We love the numbers, even though they may be controversial in greater Washington. For instance, we have a brand new study by Boston College and Paul Schervish, just for our region, which is an especially wealthy region, that tells us that the intergenerational transfer in our region will probably produce \$460 billion coming to nonprofits in the next 50 years. That's just such a big number, it's hard for us to believe it, but we are finding—and I'm sure you all are too—there are lots of funders coming into this space: different styles, different ways they come at it. Whether they made the wealth or inherited the wealth, people are seeking our advice on how they can most meaningfully make a gift.

I think that our deepest concern is that the charitable intent and the new money will never find its way to the kind of community-based institutions that really are providing services on the ground every day, and that they will be totally eclipsed by the larger, well-funded institutions like hospitals, universities, and museums that are staffed in a way that makes it possible to market to those donors and, essentially, serve the donors. So, a lot of what we're trying to do is build the capacity of nonprofits to go after those donors and create whole new mechanisms and networks so that those donors really *will* choose vehicles and, frankly, choose to partner with some of us. Because I, personally, will be chagrined as a very old lady if a lot of the money coming into the sector goes into hiring more staff to do this work so that the executive directors I know and love, instead of having 150 funding relationships to deal with, now have 350 funding relationships to deal with.

There has to be something that happens that really forces new kinds of deep collaboration among funders. We desperately need a way that we can connect people who have specific interests, to aggregate and leverage their money and enter into creative partnerships so that the money really does end up in the hands of the most effective nonprofits working throughout the world. So that would be my second point: that philanthropic action is nothing without nonprofits in which to invest. Therefore, if we're going to talk about the future of philanthropy, we have to talk as much, if not more, about the future of nonprofit organizations and what is likely to happen to them, to help them remain viable over the next 10 to 20 years.

Frankly, we have very serious concerns. Certainly we have concerns about how nonprofits access capital generally. The work that we've been doing at Meyer is more about (and Casey's done a lot of really, really great work) how we can continue to attract and maintain top talent for nonprofit organizations. We're starting kind of anecdotally. In our work, we see so many people burning out and aging out that we commissioned a study you may have seen in the last year, called "Daring to Lead" with

CompassPoint in San Francisco, which told us what we already knew anecdotally, which is that based on a 2,000 person survey, three out of four nonprofit leaders are planning to leave their jobs in the next five years. It's not clear who will come behind them.

Tom Tierney's study, which came out at the same time, said that over the next decade we would need to attract 640,000 new senior managers to the sector in top jobs, and that did not include hospitals or universities. So clearly there is a crisis, and I think we are really not focused on it. The kinds of solutions we've come up with so far, you know, they're at the margins as far as I'm concerned. They may be important, but general operating support, multi-year granting, is like one level of what you might do to help. But if you really want to get at this as a field, we must dedicate ourselves to figuring out what is it that really, truly incentivizes people to come into this work and keeps them there, and what are the disincentives, and what are we going to do as a society to come at that. . . .

I think that we don't talk deeply enough about the shift that's happened in this country in the role of government, and therefore what nonprofits are really tacitly being expected to step up to and do. We haven't seen the effects of \$100 billion worth of cuts in entitlement programs. We don't have a clue what that really looks like. So between what's happening in government, and what that means for nonprofits, I think that we have to care more and inquire more if we're really going to keep this work vital.

Steven Minter: Thank you. Doug?

Douglas Nelson: All this "experience" talk: I was playing basketball, as I had for 15 years, with my son last summer, and he said, "Dad, you're through." (Laughter) "It's over. This is not basketball. You're too old." I just told him that I was an emeritus basketball player. (Laughter) I find it impossible to be interesting on a complicated subject in seven minutes, but I find it effortless to be boring if I go longer than that. So I'm going to just try to figure out, from a lot of thoughts about what's happening in this sector over the last 20 years, and what challenges face us. Just a few observations, and I'll try to avoid some of the insightful comments already made.

You know, growth in models, growth in size of the sector, are all obvious trends over the last 25 years. What I think is worth observing, and I would like to center my observations around, is the growth in the ambition and in the aspirations and in the missions that now animate most American foundations, compared to those that propelled them 25 or 50 years ago. Now not too long ago, if you looked at a mainstream American foundation, they would typically describe themselves as sponsors of charitable and/or artistic enterprises and endowers of worthy institutions. They used vocabulary to describe their missions in such terminology as "to aid, succor, comfort, feed, help, treat, house, heal, educate, serve, relieve, build, create, uplift, memorialize, and underwrite."

A half-century ago, with that kind of language about purpose, they would also identify characteristically their beneficiaries or objects of their purpose as specified groups of needy persons or

particular communities or places or sometimes fields of artistic or cultural or civic endeavor. In the last 25 years, these purposes have for many of the sector's members given way to a vastly enlarged role that's now claimed by a growing number of foundations, including lots of those represented on this dais. Today, mainstream American foundations see themselves more often than not as in the business of changing, reforming, promoting, advocating, demonstrating, experimenting, enabling, initiating, incentivizing. And the objects of these strategies, these catalytic strategies and activities, are increasingly such broad targets as greater equity, increased opportunity, social justice, peace, improved group outcomes, reducing disparities, cleaner environments, sustainable development, reform systems, greater civic engagement, increased capacity, or innovation in the arts and sciences.

Quite simply, and I think that this is the trend that brings us to the present, much of the sector has moved from seeing itself as a funder of charitable transactions or the patron of civic and cultural institutions to seeing themselves as agents or catalysts for social, economic, cultural, and scientific progress. One measure of how pervasive that this shift is can be seen in the shop talk of this sector: leverage, collaboration, partnership, synergy, thought leader, tipping point, change agent, critical mass, theory of change, investor, venture philanthropist, systemic reform, community impact. You know, the truth is, if we precluded the use of these words and phrases, the next Council on Foundations conference would be virtually speechless. (Laughter)

It seems to me that this is the sea change that we've seen in this sector in our generation: the re-conceptualization of the measure of success for institutions in the philanthropic sector. Now I want to be really clear about this: I am unabashedly enthusiastic about this new orientation. Indeed, the Casey Foundation reflects or mirrors the larger trajectory of the sector. Twenty-five years ago we were in the business of providing quality foster care for 250 children in New England. Today, we say we're trying to help narrow the opportunity and achievement gaps between millions of disadvantaged American children and the rest of the mainstream of American life, and we say we're about this business because we want to foster institutional systems and social and economic reforms that will somehow contribute to achieving that particular goal on behalf of millions of kids.

I want to say that because I think in some ways we are representative of the evolution of . . . foundations in the country, this re-orientation or definition of our responsibility to try to bring about social, economic, and cultural progress is a hugely challenging aspiration. At the top of the list of that challenge—because I think what will determine the future is how well we live up to the expectations of this new ambition—is the fact that our resources of \$500 billion, which are going to become two or three trillion in not too long, still remain a minuscule fraction of the resources required to buy the kind of changes that are implicit in our missions, in our strategies, and in our aspirations.



“. . . we have an obligation not only to have ideas about change, we have an obligation to have ideas that actually create change.”
Douglas Nelson

I remember warning the Board of Trustees of the Casey Foundation, when we made the leap from direct services to system reform—and at the time we thought of ourselves as the largest foundation in the United States devoted to disadvantaged kids—I pointed out if we spent our endowment overnight, it would be enough to drive the New York City public school system for six weeks. That is characteristic, even as this sector grows, of the kind of smallness of the lever that we are proposing to bring about significant social, economic, and cultural change.

I want to say that that leaves me . . . with what I think are the two paramount challenges. We have learned to talk the talk, but the sector that embraces this view of its role has a long way to go to demonstrate that it can walk the walk. By which I mean, we have an obligation not only to have ideas about change, we have an obligation to have ideas that actually create change. We have an obligation not just to advocate for those changes that we seek, but we have to advocate in a way that leads to change. We not only have to research new and pioneering territory, but we actually have to find ideas and solutions that we didn't have before we started that effort.

We have a higher degree of accountability, but the first critical strategic challenge for this sector going forward is to see whether we can find relationships with the public sector and with public policy that will, in fact, enable the government to respond in its function in a way that more effectively, more efficiently, and more fundamentally contributes to the achievement of the social, cultural, and economic goals that many foundations and members of the philanthropic sector have. That is, we have to find the right catalytic relationship to government

that will, in fact, allow us to discover that if we're in the business of reducing poverty as a private philanthropic sector, we have to figure out how to replicate over and over again the success of the earned income tax credit, which in fact is several thousand times the annual spending of the philanthropic sector, on poverty reduction but was in large part shaped by research investments and advocacy efforts of the philanthropic sector.

The big challenge . . . is not only to perfect, refine, and make efficacious, synergistic relationships and purposeful relationships between the philanthropic and public sectors, it is learning how the philanthropic sector in the future can be a much more powerful and purposeful force in shaping the way that the private sector—the business sector—conducts itself, because where businesses invest, where they lend, where they locate, where they hire, where they are, will have more to do in achieving many of our social, cultural, and economic goals than any other force that will shape the future. I think there is enormously unexplored territory in how we would deploy not our grantmaking, not our voice, not our influence, not our advocacy, with the for-profit sector, but how we might think about deploying what is now a half trillion dollars of assets held by this sector, and what's going to become two or three trillion dollars of assets in this sector, in a way that helps incentivize, subsidize, mitigate risk, and reward private-sector decision making that is

more aligned with social and economic goals that we have as a civil society. I think that's a key agenda going forward.

Steven Minter: (to the audience) If any of you think there's something that's been left out, I'm going to give you a chance to . . . add to this.

You've seen the field change. What forces, in your opinion, will shape it over the next 10 to 20 years. . . . Doug?

Douglas Patiño: Thank you. Greetings from the unpredictable but intriguing state of California. (Laughter) I'm delighted to be with you and to be part of this celebration of what is to me a very young institution, 50 years young, Sara. I look at the Foundation Center as an institution with enormous opportunities for the future, and I'm intrigued, I must say, with the strategic plan for 2006-2008. I think it holds great potential, and I think it gets to some of the issues.

Julie touched on perspective. Now, I think that perspectives are important, and a different perspective at the table strengthens the fundamental spirit of philanthropy. I think that's so important, that richness of different perspectives. My lenses are colored by at least three different experiences and parts of my life. One is having been part of all three sectors, but always with a very strong community focus and very strong community base. Having been a practitioner of several professions (and it may mean that no one keeps me very long!) certainly has colored it, and a strong bi-national and bi-cultural background has been helpful in forming my lens. Because no matter what academic training we have, we all are what we are, and that's what makes us precious, important, different, and individual. And if we can harness that individuality into a group effort, what richness!

. . . It was a fascinating entrance in the late '80s into the world of philanthropy. I had experienced the world of philanthropy on the government side, where, in the good old days, we had discretionary funds of \$100 million and so forth, without the political attachments that we have today. Going into philanthropy and recognizing and suggesting the importance of working with the three sectors at that time was really not acceptable to philanthropy. I'm pleased to see the change and the growing understanding by foundations of the need to collaborate with our three sectors.

We've gone through an enormous change in the spirit of the safety net, the social compact, that government was at one time so committed to its citizens. And in fact, the models that we have developed have now begun devolving to the state level, to the local level, and so forth. They've become models that have been taken by other countries in the world. The retreat from health and human services Julie touched on. But the retreat from funding public universities has been very troublesome for me, having been part of one of those systems; very troubling, because that is where we prepare, we train, we strengthen economies. California, for example, as the sixth economy of the

world, must have a very strong labor force that is well educated, well trained, and very progressive.

And to think that in the '80s public universities were state financed, when I left what is really the largest senior university system in the country, it was 32 percent state financed. Somebody else is now picking that up. It's either grants, contracts, donor contributions, and student fees—very important implications for those of us who are in the wonderful position to influence public policy. So the growing recognition [of the need] to influence public policy has been a change. . . .



"Philanthropy has the opportunity to be the example on issues of race and class status. . . ."
Douglas Patiño

The second change that I have found of great interest, and, I must admit, great intrigue, is really the population shifts that we're experiencing in our country—population shifts not only with ethnic and cultural background, but that geographical shift that we have in our country. . . . That population shift has enormous implications for philanthropy, for those that do the heavy lifting, the not-for-profit sector. We have the best part of the job of civic society, the not-for-profits. They find themselves in the deep South wondering what to do about this emerging population in an area . . . that is terribly underfunded, with a very, I believe, in some states, fragile infrastructure, very different from what is assumed, especially from my generation.

There are wonderful opportunities in the deep South, as we help people wrestle with the newcomers. You know, we're all trained so well to mimic what we're taught, but what we're taught often doesn't work. So the population shifts, the allocation of resources, if we look at the deep South and the Southwest, are enormously needed. The connecting with new leadership, marvelous new leadership that I find in the deep South, marvelous, in any part, just about, but you've got to go deep, deep. We've got to go deep to connect with that leadership, which is often at the grassroots level.

The issues of operating support have been touched on. I don't think it's cute for us to continue to perpetuate the notion (Barry touched on this) that we can get into some kind of sustainability if we fund something for three to five years. It just doesn't work. That is something that I had wondered about in '87, and today, I know even better that it doesn't work. Transnational issues of hunger, poverty, infrastructure—those were issues that were in the newspaper, on television, but now we live them in many of our states, and we live them because of people from the country of origin that are there, that are here, and they're very connected.

Those are issues that are significant and that we will wrestle with as we look at the future about our domestic responsibility, our international responsibility. And as we look at some of the trade accords, many of us know what the implications of those trade accords are. Fifty-seven out of 70-some countries are doing worse than better, based on studies by the United Nations, among those that have to deal with some of the trade

agreements. I think we know which countries those are. Those have implications for philanthropy and the foundation world.

Let me touch on the issue of race relations and class structure. There are some things we learn with age, and that is that the issues of race relations and class status are critical issues. They're critical issues because they're more hidden today. We're more sophisticated as we become more professionalized, but they're there. Philanthropy has the opportunity to be the example on issues of race and class status, and as I hope I mentioned, they're in every community. No one community owns them.

In a sense, that's the blessing, and in another sense, that's the challenge. In all communities, it's been my experience, at this tender age of 67, this issue is very much there, very much alive, and we have an opportunity to try to wrestle with something that is certainly very worrisome to our country, and especially in a country today that has become so polarized. This is a wonderful country. I'm in this country by choice, and I love it, and it's wonderful, and I recognize its faults. But what an opportunity we have to redefine some areas of who we are and what we are about!

Those are issues that I believe have gotten more difficult and more challenging. Now what an opportunity we have to lead by example in foundations. And by example, who sits on our boards? By example means, who are our senior staff? And by example means, where do the grants go? We have that opportunity to do something in that area.

I'm terrified that Steve will say, "One minute is up, Douglas."

Steven Minter: No, one minute to go!

Douglas Patiño: One minute to go! Well, let me choose immigrants. For any of us who wonder, 90 percent of what immigrants earn stays in this country, 10 percent goes—\$60 billion in the case of United States, Japan, and western Europe, \$45 billion from the United States. We have a huge population that's organizing brilliantly, and we'll hear folks wanting to be strong players in civic society, people who have been counted with the other side of the border, not on this side of the border. That's one of my big involvements these days, a lot of models, philanthropic models, that will develop, that will create for us, I think, the new models that will be the next generation of community foundation. I think they're going to come internationally, the new models for philanthropy. I think we'll see those models emerging, as with the work that this group is doing. . . .

Steven Minter: Are there some of you in the audience who can think of some things that you'd like to add to this picture? Dennis? There's a microphone right there. Please state your name and your affiliation.

Dennis Young: Dennis Young, Georgia State University. First let me add my congratulations to the Foundation Center for the 50th anniversary. I serve on the advisory board for the Foundation Center in Atlanta, and I've enjoyed my relationships there and in Cleveland, New York, and Washington.

If you just look at the numbers, there are a couple of trends I think need to be taken into account. First, that over the period we're talking about, philanthropy has become a smaller and smaller percentage of the revenue base of the nonprofit sector.

The other thing that stands out to me is that the philanthropy base has become more and more fragmented, that there's been a tremendous growth in the number of foundations. There've been developments like donor-advised funds and donor choice in funding federations, and so forth. It seems to sort of indicate that there's somewhat less capacity for the philanthropic sector to really act in concert. So I'm interested in how the panelists might juxtapose those trends against the perception that now that those are actually bigger, and one is trying to accomplish social change and address very large issues like poverty, when you put that puzzle together, does that make sense? How do you reconcile those things?

Steven Minter: Can I hold it and see if there's somebody . . . we'll come back to that. Here in the front. Melissa?

Melissa Berman: Hi, Melissa Berman with Rockefeller Philanthropy Advisors. I want to add my congratulations to the Foundation Center and to the panelists for inspiring us. And this is a very wonderful setting. But I'm reminded that we are very well within the ambit of Wall Street, less than a mile away from here, and over the next few months, I've heard estimates that some \$36 billion will be paid out in bonuses. Many of the people who will be receiving those bonuses are very philanthropic, but their model of how philanthropy works seems so strikingly different from many of the achievements that we've been

talking about so far. They don't see the link so much between philanthropy and policy as between philanthropy and the private sector. So that rather than successful philanthropy being new policy, as in the earned-income tax credit example that Doug gave us, they see the success of philanthropy as being the spurring of new businesses and new earned income opportunities, and that very profound difference is something I would love to hear the panelists [discuss].

Douglas Nelson: The private sector, from a philanthropic perspective, can do either of two things that we'd otherwise be tempted to: that is, be driven by something other than profit and return (and I believe that conversation is a short one and a futile one) and secondly, to see themselves as having a special obligation independent of their business interest to be advocates for good public policy. However, I do think we have, up to now, largely unexplored conversations about what role could equity participation by the philanthropic sector, what role



"I would love to hear the panelists discuss the difference between those that see the success of philanthropy as being the spurring of new businesses and those that see it in new policy."

Melissa Berman

could risk mitigation activities like loan guarantees, what role could a variety of kinds of co-investment in infrastructure do to make it return- and profit-sensitive to invest in communities that heretofore have been considered too risky for affordable credit or investment; to invest in populations whose human capital investment needs make them not competitive with other populations who are readier to contribute and who are immediately more productive.

I think the potential to nudge the market by different forms of philanthropic endowment participation and the invention of new mixed source financial instruments, insurance instruments, and bonding instruments has within it a whole unimagined potential to make the market less indifferent, in some cases less hostile, and in some cases . . . a downright ally to bringing about the kind of investments that would make a fairer, safer, and maybe more prosperous country. So, I think they are two separate issues, but I think they aim at the same ultimate success goals.

Barry Gaberman: I'll go to the first question and then perhaps a couple of comments on the second. I think you're absolutely right in terms of what the trends are, but I don't think that that's really the key issue. I think the key issue is to start off with what the attributes of each of the three sectors are, and from there to really understand what their comparative advantage is. When you start looking at the attributes of the foundation sector, for example, a whole group of things come into being, and they're harder for a public bureaucracy and for the bottom-line sort of tyranny of a corporate sector in terms of risk, in terms of willingness to fail, in terms of long-term capacity to stick with things, in terms of flexibility, fast response, piloting innovative ideas, dealing with things that are sensitive politically at one point, and so forth and so on. We could all come up with a whole bunch of those things.

I think the trick becomes, how do you figure out a way to craft programs and policies such that they play with a comparative advantage . . . of each of the sectors. Within that sort of a makeup, whether the percentage is slightly lessening or staying the same in terms of the revenue stream for the not-for-profit sector isn't as important.

I do think when you segment and come down and look at subsectors within, it's a slightly different picture. Organized philanthropy does tend, in advocacy and public policy and a series of other areas, to play a much more important role than it does in the broader contribution to services out there, and I think that's important.

Moving on to Melissa's point, you have to first make a distinction between the new wealthy individuals and the corporate structure. And, frankly, the new wealthy individuals, it seems to me, are just a little bit of everywhere on the spectrum, and that's good. I don't find that to be a problem. They're all over the continuum . . . with the exception that they're a hell of a lot younger than they used to be. (Laughter)

The other thing is the corporate side. It's kind of interesting because there are two wonderful quotes in this. One comes from Milton Friedman, who, in responding to corporate social responsibility, said it was nonsense and an extraordinary threat to freedom, and the single-minded purpose of any firm ought to be maximizing the return for its owners.

Then you just leap ahead and you look at something like the annual survey that PricewaterhouseCoopers does of a thousand CEOs around the world and a question they plant in there, which asks, "Would you trade off short-term profitability for longer-term shareholder value if it could be demonstrated through a corporate social responsibility program?" and about 75 percent of them say yes, they'd do that. So, you know, they don't listen that much to Milton in that regard. It just seems to me that in the narrow sense that's true, but there's a pretty big engine that's willing to move beyond looking at the short-term side of things in terms of profitability and look toward the longer-term value that takes into account stakeholders that are community, that are customers, that are future generations . . . not just your shareholders.

The problem is that there is an engine that chugs along here that forces a short-term mentality on our corporate colleagues, and they're constantly being forced to show what happened in the last three months. What's the quarter report like? And that's a pretty tough hill to fight against.

Steven Minter: I couldn't pass you up, Jing.

Jing Lyman: Barry, you made reference to the importance of diversity of staff, and I think that's true of trustees, particularly at public foundations. . . . None of you have specifically talked—and you won't be surprised to hear me say this—about the very different role of women in philanthropy now and how this is going to have an impact, because I think it is going to have a very significant impact as its credibility begins to expand in terms of that continuum of economic, class, and race issues that are part of our discussion here.

Steven Minter: Would somebody like to respond?

Barry Gaberman: I've just retired from the Ford Foundation, and after 35 years there, in remarks I made when I retired, I said that the smartest career move I ever made was to grab a hold of Susan Beresford's coattails and just ride them all the way to the top. So, I'm sort of used to, with daughters and Susan and others, being in that environment. Sometimes I go down to the mailroom just to be able to hang out with guys. (Laughter) But I think it's extraordinarily important what you said, and let me give you just a very simple example.

When I joined the Ford Foundation in 1971, we had a notion that work in rural areas was done by men, not by women. Had you said at that time that we ought to have a "gender lens" on things, I don't think anybody would have known what you were



talking about. The fact is that if you go on from there, it isn't just that the information was wrong, but we crafted policy on the basis of that information to find out later on that, in fact, the majority of work done in rural areas was done by women. So, that's a very simple example of the extraordinary importance of having placed that sort of a lens on that.

The other thing is that, of course, the whole enterprise is just so different. In 1971, all the program officers of the Ford Foundation, not all, 95 percent, were men. Today, it's about 55/45, with women being the 55, and that's not atypical of what's happening all over in large, fairly well-staffed foundations.

Steven Minter: One piece of local data and one piece of national data. The Cleveland Foundation is 91 or 92 years old, and it took 80 years to get a woman as chair of the board, but there now have been two. Second piece, I read this morning in the newspaper that there are now going to be 16 women in the United States Senate. That represents a major change.

Douglas Patiño: Let me just add that I think it's a very important topic. As we touched on new models that are emerging in philanthropy, the roles of Peggy Saika, Patti Chang, Diana Campoamor in developing those new models are very, very impressive work, and I know that Barry has been a strong supporter, as some of my other colleagues have been. That brings that perspective and that diversity that I think is critical in moving us forward, and I'm very optimistic.

Steven Minter: One more comment back here and then we'll move on to another subject.

Tom Wilcox: Tom Wilcox from the Baltimore Community Foundation. I wanted to follow up on Melissa and Doug's questions. When we think about this half a trillion dollars in assets, it's hard to forget that they came from people who were pretty good [at maximizing] shareholder value. The step that we could take now is to demonstrate that there is indeed shareholder value in babies being born healthy and public schools being stronger and revitalizing cities and rural areas; and that, indeed, through partnerships with the nonprofit sector this can be done; and that the foundation world itself and this fine organization whose 50th anniversary we're celebrating could put a focus on what has been done to enhance shareholder value, so that the very people who gave us this responsibility for the half trillion dollars could perhaps leverage many times that to go far further as we look ahead.

Douglas Patiño: If I can just add, the dialogue has not been with the private sector the way it needed to be, and, building on your comments, I think the opportunities are enormous to frame issues that connect, that lay out the advantages for both parties. My brief experience, in fact, in working with some of the corporations has been not only another learning experience but very productive, and the clear message is we don't know quite how to connect and what are some of the approaches that we might use to come together. Inner cities themselves have resources, and some of the large corporations are just beginning to find out what richness there is for folks in those communities. It's just the distance that I think we've created between our sectors. . . . I think we have great opportunities. . . .

Julie Rogers: I think this is a really important and rich piece of the conversation, but we have such a long way to go because fundamentally we don't have even really talking relationships about these kinds of questions.

I was interested also in what Jing said about boards because none of us have talked about the boards of foundations or the boards of nonprofits, as though we take that for granted. I think we're in an era where we can't take board involvement, recruitment, and retention for granted at all. Partly, I find that peers of mine who have served for years on nonprofit boards have said they won't serve any more. It's too complicated now, it's too scary now, Sarbanes-Oxley stuff and like stuff is too complicated. So, I think board strategy is part of it. But if we had robust boards and we used them, foundation boards could broker some of the kinds of conversations that we're talking about here rather than using them to just come to our tables and approve a docket. . . . Some of my board members have learned what they know about how the community really needs things and how things get done from being at our board table, but it doesn't mean that I recruit them or use them with an eye to some of these larger things. We simply haven't said that's part of what we expect from foundation trusteeship, and perhaps it's time to do that.

Steven Minter: Building on the conversation and the way it has flowed leads me to my next couple of questions. . . . Doug made the comment that foundations are shifting in terms of aspirations and expectations, and I had this thought flowing through my mind that when I came into the field and was reading some of those early statements, it seems to me, Rockefeller, Carnegie, and Ford all started out "to improve the well-being of mankind." Now, either they were way ahead of us or they didn't know what they were talking about. But, I think what is clear when we think back over the years, there were some obviously large foundations and some small [ones] that had high aspirations and thought in international—the term we use today would be in global—terms.

Now, it's very clear that globalization has placed some major issues on the agenda that know no boundaries, and I wonder how the panelists will react if I ask them, how do you think this is affecting philanthropy in the U.S., and what do you think are the implications for the Foundation Center and similar infrastructure organizations?

Barry Gaberman: I want to answer that in two ways. The first is sort of a new phenomenon that's out there that's really kind of interesting, and it's a kind of a new civil society organization. It's an organization that really grows out of globalization, because you can't solve certain problems by good policy in the confines of a single nation state. Whether it's flows of labor or flows of capital or environmental concerns, they require some sort of global action. Now, there are about 360 or so international organizations that have grown up that really look at these kinds of global activities and try to condition behavior, and we have a set of institutions out there that are sort of the watchdogs of those international organizations, many of which are very familiar to you, the World Bank, the International Monetary Fund, and a bunch of others that are very unfamiliar and we don't know quite

what they do, but we find out they set all sorts of standards, health standards for food and processing and things like that.

There is also, interestingly enough, a set of areas in which there aren't any international institutions that condition behavior, and in this sort of a vacuum, a bunch of transnational and global civil society organizations have moved in to try to, in fact, in the period until there might be some sort of a regime, condition behavior, and they're fascinating, and part of what's fascinating about them is that new technology allows them to have often such a small secretariat and overhead cost. But I'm thinking about the granddaddy of them all, which would have been the international human rights movement and, moving forward from that, the international movement against corruption, the movement against land mines, the movement against large dams, and so forth, that are out there. They're really quite fascinating and had an enormous impact in rather a short period of time.

They raise a very interesting and fundamental question, and that is, what's *their* accountability structure? Who made them responsible for this, and how does that connection work? So, at one level there is this extraordinarily interesting environment of new institutions taking place, funded in part by foundations. At another level, what's happening is that there's a dialogue now that goes on between institutions that have had international activities and those that have not done that where they've tended to look at each other in silos that connect because, in fact, you look at communities today and you see the impact of immigration in those communities. You see what's happened in community foundations and the fact that, increasingly, they're forced to come to grips with whether they're going to have international funds within them. So, to me, there is a very interesting movement happening here where there is a dialogue between sets of foundations that have tended not to talk in the past, trading information, trading ideas on how you work on things, and a very exciting sort of moment as a result of globalization.

Steven Minter: Anybody else want to speak to it?

Douglas Patiño: Well, I think the opportunities and the lessons learned in Eastern and Central Europe . . . are very telling, very constructive: to be able to go in there and to be part of a society that was trying to redefine itself and to have the opportunity to make mistakes, to learn and to contribute. The opportunity for foundations, and I think Barry touched on this, to take a very different look at how a foundation might collaborate with its resources, with its knowledge, with its talent, that there may even be opportunities where some folks might be on another foundation for a short time, helping with an initiative, leading an initiative, coupled with the opportunity to help develop some of the institutions overseas that must own the issues. One of the lessons in America that we learned was that issues need to be owned at the local level—they must be supported, they must be nurtured, they must be assisted, but at the end of the day, one can't come from the outside and do it for others, because when we leave we take it with us.

So, I think the opportunity, therefore, to develop the relationships with regional networks based on countries, parts of the world, are just enormous for us, and I think it is a very exciting opportunity. I think we'll see structures that we didn't even dream of in the past.

Douglas Nelson: I would just add—and this is an obvious observation—if we hadn't had the question “what's happened in the field of philanthropy?” but “what's happened in the world?”, it is really no longer an exaggeration to say that our economy (if we think of ourselves as Americans and in the United States), our environment, our culture, and, increasingly, our population are no longer insulated from the rest of the planet. They simply are part of global systems. And what I think it means that it didn't mean even 20 years ago, is you can't take a problem like safety or infectious disease or take one that we're very

interested in, as are huge numbers of foundations and that's the issue of trying to address chronic and deepening poverty in a big segment of the U.S. population and all that means for our future.

“The truth is, now the remedies that seemed to apply to poverty reduction just 20 years ago . . . no longer are very plausible long-term ways of trying to put a floor under people who are competing with a global workforce.”
Douglas Nelson

The truth is, now the remedies that seemed to apply to poverty reduction just 20 years ago, whether it's mandates on employers to provide benefits, whether it's the minimum wage, or whether it's unionization, no longer are very plausible long-term ways of trying to put a floor under people who are competing with a global

workforce whose living standard is below the minimum living standard necessary to protect democracy in the United States. . . . There is no issue more important to this country than a fairly urgent recognition that if we don't find new and more effective ways to protect a fifth of the families who are raising children in competition with a global workforce and who are being compensated increasingly in order to compete with a global workforce or whose jobs are going to migrate to where the labor is cheaper, if we don't figure out in the next 25 years how to keep them in this country, and by that I mean spiritually and politically and culturally in this country, we are in deep trouble. I think there are remedies to that, but they are not the old pre-globalization remedies. They are a whole new set of interventions and supports and public policies that are going to be required to do that.

Steven Minter: Let me ask you this. What is the impact of the Patriot Act on these attempts to work across national boundaries in philanthropy?

Barry Gaberman: I think you begin to see the trends already. I would have said they are really healthy sort of trends and exciting, which will be increasing giving internationally to institutions in other countries as opposed to giving to intermediary organizations in the United States to do work over there. I say it's a healthy trend because it built capacity, and it's now slowing down. So, it's had a chilling effect. We're a little uneasy about viewing that directly, and we're falling back on first-world intermediaries on the assumption that they have a capacity and mechanism and trust . . . to be able to protect us in our giving.

Steven Minter: I see a hand.

Kathleen McCarthy [CUNY Graduate Center]: It's not just the impact on foundations; there's been a growing interest in the impact of remittances worldwide and efforts to harness some of those remittances from NGOs. So, you're seeing a lot of 501(c)(3)s, Friends of, you know, Bulgaria popping up, and some of these are pretty sophisticated operations that had been training immigrants here to give back to their home countries in new ways. As I understand it, they are now starting to tighten the monitoring on these organizations, and there are beginning to be questions about how long they will be able to go on operating unfettered. And if the Patriot Act is tightened in terms of foundations, that would be very bad, but it's small numbers of foundations in the United States that have really been working to build civil society. But there's a larger effort to build a global culture of philanthropy from the grassroots on up to the highest levels and a transnationalist philanthropy will be in jeopardy, and I think that has much larger consequences for the future.

Steven Minter: Let me try another test. This one comes to the audience. The Foundation Center was established 50 years ago to dispel misconceptions about U.S. foundations and to shed some light on their grantmaking activities. Interestingly enough, in 1972 Wally Neilsen wrote his book "The Big Foundations." In one chapter, he referred to the "enclave mentality," the preference for privacy. He said their preference to live in a cocoon is neither casual nor accidental. He went on to say, "There are too many ways, as the techniques of public reporting employed by many foundations already testify, to communicate with the public uncommunicatively, to issue copious reports which by their high-altitude abstractions, generality, obscurity, and selectivity, give the appearance of informing without actually doing so." That was 1972. I wonder how our panelists and members of this audience respond to that observation from our perch some 30 years later.

Rik Treiber: Hello, Rik Treiber, Carnegie Corporation. I happened to be browsing an issue of *Vogue* magazine a few weeks ago — yes, the women's fashion magazine—and they had an article in there about philanthropy these days being trendy. And so, if *Vogue* has identified philanthropy as being trendy, then apparently we can't remain particularly insular any more, at least not maybe for the fall season. Maybe we can get back in the spring. (Laughter) But I was hoping that somebody on the panel would address the issue of public perception as one of these change factors and trends within the sector.

Julie Rogers: I'll try. I think foundations are doing a better job of communicating what they do to other funders and to their constituents, meaning nonprofits—that we've come a fairly long way because of web technology and really focusing, I think, on helping grantseekers know better what their chances are of [getting a grant from us]. At that level, I think we have made progress. At the higher level of truly communicating with all the

different kinds of media about what it is we do and what it is our nonprofit partners do, I think we're still at the very beginning. We just decided that we were going to do it, so we have a new, very lovely, assertive director of communications who is pushing me every day to do something that builds relationships with everybody in some piece of media, and I don't love it. I really don't love it personally, but I am learning to do it. We're on the radio this week, we have five of our nonprofits featured on radio shows that everybody listens to, that loves this kind of stuff. So, I think that's just beginning. . . .

I think we need to bring more really smart young people into this field really fast, because on the communications front, both for the purpose of explaining to people what we do but, more importantly, for these larger issues. . . . I have a 14-year-old who spends her entire life on Facebook, and I don't know if you all have this experience with what social networking software is making possible, but the shift in communications is so profound that I think if we harnessed the power of some really smart young people who understood this stuff, the kind of conversations. . . . We think that in order to have the corporate, smart people talk to the people in our boardrooms it requires a table and food. (Laughter) I don't think it does any more. I think we can create new ways of talking with each other that really might solve problems, not just tell people what grants we made in 2006.



"Would somebody on the panel address the issue of public perception as one of the change factors and trends within the sector?"

Rik Treiber

Douglas Patiño: It's a great question. It's no surprise that in the strategic plan for the Foundation Center, one of its four priorities is heightening its public outreach to create broad appreciation of the role and the importance of philanthropy in our society. I would hope that those efforts would lead to talking about what philanthropy does rather than the foundations themselves. We're finding in some institutions incredible response about what those grants are about in the nonprofit sector. In fact, it's helped build credibility with one of the institutions.

In the technology piece, immigrants in the Los Angeles area are developing their web sites and their technology so that they . . . go up through the central office, through state federations, through clubs, right into the homes to share information. It's critical information, whether it's about financing, being able to deal with finances, and a whole range of issues, including the whole notion of organized philanthropy.

Let us remember that organized philanthropy as we know it in America is pretty much an American contribution. I know it's in other parts of the world, but not organized with the mechanisms that we have in foundations in this country. It's something that I'm very proud of in America and its contributions through the foundations in the not-for-profit sector. So, there are enormous opportunities there for us to work through outreach and so forth.

Douglas Nelson: I would just say that I think that a huge change has taken place since those observations in 1972. One is strategic. I think those foundations in this sector who have

embraced advocacy or influence or strategic agendas of various kinds have found it indispensable to become understandable and persuasive and in communication with lots of audiences that they hope to be useful to and to leverage. That's the strategic side.

There is this accountability issue that I think was probably the inspiration for that maybe fair-minded criticism in 1972, and I would say one of the things that sets this sector apart, and I say this with great affection, is that it is by comparison to the government or to the private sector, largely it is an unaccountable sector, by which I mean there isn't the obvious analogue of bottom lines and shareholders and quarterly reports as on the private sector side; or, as we noticed a couple of days ago, there are consequences when you have to run for re-election and there are time limits that can't be ducked. We don't have anything parallel to that except the protection of our mission, which qualifies us in most cases to be holders of immense amounts of tax-exempt wealth.

I don't think there is any form of accountability for this sector that is ever going to be sufficient, short of an increasing—and I think it's been stronger—commitment to transparency; that is, to the extent to which we can tie *what* we do and *how much* we pay for what we do and *who* we pay for what we do to some reasonable devotion and dedication to some truly charitable or philanthropic mission, I think we've met our accountability standard. To the extent to which we do not, are not that transparent and that forthcoming and that understandable, it strikes me that someone will find a less useful and more burdensome and more constraining way of holding us accountable.

So, I think what's changed here has been critical, and I think the sector needs to figure out how to make this a non-issue going forward. I think it's one of the roles the Foundation Center has continuously played and will play to strengthen the sector as a whole.

Barry Gaberman: I completely agree with what Doug said. The only footnote I want to make is that there is a really very, very important public education aspect to that, because by and large there are myths that in fact, you know, one can either be a good operating not-for-profit without overhead and cost, or one can be a good grantmaking institution without having to spend any money, and somehow an education that really lays out what's reasonable in this is necessary in order to be paired with the point that Doug makes so well.

Steven Minter: Michael, I see you've been ready.

Michael Seltzer: Steve, your question stimulated a lot of thinking on my part, and I was thinking the first thing Wally Neilsen might say is, "God, it's gotten very crowded for those of us who write about philanthropy." Back then the book stood out not only because of its excellence but also because there were

not that many people writing about the field, and that certainly is a significant change.

The second thing is, I think the piece of the strategic plan of the Foundation Center that is very historic at this moment is what was referenced about educating the public. I think we're coming off 2005, where the press was basically antagonistic, and in many cases, with cause, more about nonprofits than foundations, and I think this year will go down as [the year when] there's been a change. We've had two articles in the [*New York Times*] this week about philanthropists, one with controversy—the Maine conservationists—and the second one about the German businessman that just made a big gift to his university. We have now the *Financial Times*, *The Economist* regularly covering stories that are credible—two new magazines launching. So, I think what we are at the beginning of is, we don't know if it's going to be the golden age of philanthropy, but I think it can be the golden age of educating people about philanthropy.



"I think we are at the beginning of the golden age of educating people about philanthropy."
Michael Seltzer

Linda Hartley: I'm glad to meet you, Michael Seltzer. I'm using your book at my fundraising class at NYU. (Laughter)

I'm Linda Hartley, president of Hartley Consulting. I actually did a session at the Foundation Center this summer on ethics, advocacy, and the law in the nonprofit sector, and during preparations for that, I read an article about how the difference between conservative and progressive foundations in their funding was that it wasn't so much the amount of money, but progressive foundations funded research and programs while conservative foundations funded advocacy and operations. I'd love to hear your thoughts about that and if you see any changes in that.

Steven Minter: Okay, we're going to give each of you 30 seconds. (Laughter) Who wants to go first? Julie's waiting.

Julie Rogers: . . . One of the main things that I wanted to say was that I believe that this notion of preserving anybody's ability to fund advocacy organizations is a critical piece of what we all have to worry about, no matter where we are on the political [spectrum]. And as Barry said very well in his *Foundation News & Commentary* piece, it's not a given that the ability to do this is protected in any way. So, I think that regardless of where you are politically, it has to happen to be vigilant about this right.

Barry Gaberman: Well, I think conservative foundations have had a sense of where they want to go and a kind of focus on the public policy necessary to get there, and I think that they were not sidetracked by the niceties of process and a whole set of other things that are sort of the Achilles heel of the liberal side. And in the short run, they essentially took the day. But I think process does matter, and I think getting everybody involved in the long term does make a difference. And, you know, the game isn't over yet.



Douglas Patiño: I also think it reinforces the importance of influencing public policy, and just like the three sectors are key to a democracy, advocacy is a critical part of being a citizen in this country and being able to speak up. But influencing that public policy long term is very important to local philanthropy, given your question.

Steven Minter: Well, join me in thanking the panelists. (Sustained Applause) I conclude with a comment that I took from an orientation for 21st-century philanthropists, the executive summary, which I recommend to you. It has an invitation by Wendell Berry that I think serves as a fitting conclusion. He wrote, "One's real duty to the future is to do as you should do *now*. Make the best choices, do the best work, fulfill your obligations in the best way you can." That's probably a fitting message for us and the Foundation Center. Thank you. (Applause)

Sara Engelhardt: This has been a very stimulating discussion for us all, and I think we'll go home with many thoughts about our field and where it might be heading and how we might help it get there. So, I really appreciate this stellar group for having given us their wisdom and for those of you in the audience also for having joined the conversation. I think there are still lots of challenges for us all, and I think having this kind of conversation is perhaps some evidence of the Foundation Center's ability to bring together people for really deep conversation about where the field should be going and is going. So, with that I will suggest that we adjourn to the reception, which will be upstairs in the Rotunda. Thank you so much, everyone. (Applause)

[End of transcript]



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