

To: Board of Visitors
Executive Committee
Center Advisory Boards

From: Eugene R. Tempel, Executive Director

Date: February 25, 2008

Subject: Center on Philanthropy Activities

We believe that research is the foundation for all we do. The Center and the associated Philanthropic Studies Faculty are at work constantly to develop new knowledge for the development of the field and to help inform practice and policy. During the last month there were several activities that illustrate this commitment.

The Center recently completed a study funded by the Aspen Institute which sought to understand if foundations have a role in funding nonprofit organizations' overhead expenses and the effect foundations have on the condition of nonprofit organizations' infrastructure and finances. Recognizing that the answer was important to both grant-seeking nonprofits and grant-making foundations alike, the findings were summarized and developed into an easy to read report. The Center printed 4,500 copies of the "Paying for Overhead Study" report for distribution to our donors, foundation leaders, alumni, and other constituents of the Center and The Aspen Institute available on the Center's web site (<http://www.philanthropy.iupui.edu/Research/fundraising-administration.aspx>).

Results of the study showed a disconnect between nonprofit professionals' assumption that foundations prefer to pay for program expenses instead of overhead costs, while most foundations in fact do provide general operating grants or allow nonprofits to request overhead within program grants. The study indicates that many nonprofits do not seek overhead funding from foundations, either as a general operating grant or as part of a program budget, often because they believe they would not be funded. Nonprofits' organizational effectiveness may face serious consequences if nonprofits don't spend adequate funds on overhead expenses. The study findings indicate:

- Of participating foundations
 - About 69 percent support nonprofits' overhead expenses
 - Half provide general operating grants
 - One-third award unrestricted grants

- Of the participating educational and human service organizations
 - Only 50 percent requested overhead funding from foundations
 - Of the 50 percent that requested support, 55 percent received some form of overhead funding

The publication and dissemination of these findings will help eliminate these misconceptions, and we hope that it will foster a dialogue between foundations and grant-seekers surrounding the issues of overhead costs.

Another one of our research projects is providing some of the data *Slate* magazine uses in preparing its annual list of Americans who gave the most to charity. Slate.com sponsors enhanced data collection for the Center's Million Dollar List. The Center shares that information with Slate, but *Slate's* editorial staff also gathers additional data from its own research and reporting and from other sources. *Slate* sets the criteria and determines which individuals are selected for the final list.

The *Slate* 60 list of donors for 2007 was released on February 11th, and included for the first time the names of Leona Helmsley and Barron Hilton. Leona Helmsley left the majority of her estate, conservatively estimated at \$4 billion, to her charitable foundation, which will make it one of the largest in the country. Barron Hilton made a commitment of \$1.2 billion to the Conrad N. Hilton Foundation. Contributions from the top ten philanthropists indicate that universities and hospitals are the most common recipients of these types of large gifts. *Slate* reported that for its 2007 list, the median gift was \$75 million, compared with \$60 million in 2006 and \$32.5 million in 2005. Since 2002, when giving of \$10 million qualified a donor for the *Slate* 60, the minimum gift amount has increased to more than \$30 million. This demonstrates that the *Slate* 60 is at a minimum documenting and perhaps even helping drive the trend toward increasingly large donations from the nation's wealthiest citizens.

The Million Dollar List is useful for understanding trends and patterns in major gifts. For many years, Arthur C. Frantzreb maintained a list of all reported gifts of \$1 million or more. In 1999, the Center agreed to compile and distribute the Million Dollar List to ensure that his unique record of significant gifts continues, as a service to fundraisers, as a document for historians, as an example for donors, and to provide public information on trends related to the largest gifts made. Mr. Frantzreb, who passed away in early 2004, was an advisor to the Center on Philanthropy from its founding in 1987 and also had been a consulting member to the Center's Board of Governors. The latest Million Dollar List is available on our web site at http://www.philanthropy.iupui.edu/Research/giving_fundraising_research.aspx#million. A searchable database of Million Dollar gifts made between 2000 and 2007 is available to [premium service members](#) of the Center on Philanthropy.

A major new project with United Way of America (UWA) brings together research and training. We announced this week that the Center and UWA are entering into a research and training partnership made possible by a grant from Lilly Endowment Inc. The research will focus on identifying the changes in philanthropy and how those changes impact United Ways in their local communities. The Fund Raising School will develop a specialized training curriculum based on the research findings to help prepare future leaders. It will be used in UWA's Resident Fellows Program training that identifies and develops executive-track leadership. The partnership will bring future United Way leaders from around the world to Indianapolis and provide new opportunities for the Center to provide courses at UWA headquarters in Alexandria, Virginia. A copy of the press release can be found on the Center's web site.

We offered the new course, *Leading for Results: A Workshop for New Nonprofit CEOs*, to the public for the first time in January. It had 14 participants, and we received positive feedback on the course, which focuses on helping participants develop the leadership skills and professional stance needed to lead successfully today's high-impact nonprofit organizations. During the discussion of the role of the CEO in fundraising, participants were surprised but pleased to learn of the finding from *The Bank of America High Net-Worth Philanthropy Study* that wealthy individuals consult nonprofit professionals more than any other group regarding their philanthropy. The Bank of America study is just one of the many groundbreaking research reports created by the Center's Research team within the past year, and the inclusion of the latest and best research within The Fund Raising School's course curriculum is just one of the ways in which the Center is committed to growing the strength of the nonprofit sector.

Research is also often the basis for our public affairs work. We were able to contribute to the public understanding of issues related to philanthropy through several media outlets. *The NonProfit Times* covered our release of the latest key findings from the Center on Philanthropy Panel Study (COPPS), which measured giving by the same households in 2000, 2002 and 2004. The study revealed that although the total percentage of households that gave was similar in all three years, it was not always the same households. Because of this groundbreaking work, nonprofit professionals and policymakers now know that about one third of American households shift between donating and not donating. *The Chronicle of Philanthropy* used our study for Google on giving to basic needs to provide important context about donors and antipoverty efforts. *The New York Times* cited our Philanthropic Giving Index about the current fundraising climate in a story covering the American Red Cross. Also, a *Wall Street Journal* column utilized the Center's analysis of COPPS and high net-worth donors for a comparative look at Chinese philanthropy. Finally, *The Washington Post* used the Bank of America *Portraits of Donors* report, researched and written by the Center, to illustrate the importance of involving children and grandchildren in philanthropy to many families.

Another way in which The Fund Raising School (TFRS) continues to shape professional standards for fundraising internationally is through participation in the work of CFRE International. Associate Director Eva Aldrich, who was a panelist on CFRE International's Pass Point Study earlier this year, has accepted appointment to CFRE International's Exam Committee. The Exam Committee advises and directs on exam-related issues and develops policy recommendations on exam issues for the CFRE International Board of Directors. Adrian Sargeant, Robert F. Hartsook Chair in Fundraising at the Center on Philanthropy, is currently doing research on the competencies needed for successful fundraising internationally. The work of TFRS also focuses on preparing competent fundraisers for the nonprofit sector.

Work on our strategic plan continues. We will send a draft for comment next week. We will bring a revised draft for discussions at the March 19-20 board meeting. Many thanks for all you do on our behalf. As always, your comments and suggestions are welcome.

