

FEDERATION PHILANTHROPY FOR THE FUTURE

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"It is not your duty to complete this task, but neither are you free to desist from it."

Pirke Avot II:21

Jewish community federations have historically proven themselves to be superlative fundraising organizations. Unfortunately, there is precious little evidence that federations are as accomplished at granting money as they are at raising it. Urgent community needs and compelling environmental factors should motivate the entire federation system to focus attention, resources, and performance on all aspects of grantmaking best practices. To remain relevant to the next generation of donors, federations must become both highly participatory and measurably effective as philanthropic enterprises.

The federation system's prowess at annual fundraising is already clear: More than \$850 million is raised annually by 159 federations, which reach out yearly to hundreds of thousands of donors in an extraordinary fundraising achievement. Remarkably, in many federations complementary resource development efforts now generate more giving than the community's annual campaign. Federations have accumulated more than \$8 billion in non-campaign assets.

Although much-envied fundraising distinguishes Jewish community federations, grantmaking beyond allocation of the annual campaign dollars is becoming an increasingly prominent federation function. The United Jewish Communities's Annual Endowment Survey, for example, documented \$950 million of local federation grantmaking activity of all types in 2001.

In virtually every federation in the country, elaborate processes are in place to allocate campaign dollars to local federation beneficiary agencies. Typically, prestige and

power are attached to the allocation process. Although it is consensus driven, the allocation process involves relatively few donors in decision-making roles. In many communities, parallel committee deliberations now frequently take place for direct distribution of campaign dollars to Israel, but with even fewer donors typically determining these allocations.

The deliberative process of allocating campaign dollars to federation-affiliated agencies is – and undoubtedly should continue to be – central to the federation mission. Yet, the process takes place within a closed system. A limited number of beneficiaries are eligible for funding, and an elite group of federation donors decides how funds will be allocated. Donors who make allocation decisions are not necessarily in a position either to monitor the use of funds allocated or to assess outcomes of funded agency projects. *The interests and philanthropic desires of the individual are by definition subservient to community priorities in allocation of campaign dollars.*

Unfortunately, "the new generation," writes Susan Ebert, "hasn't embraced the lessons of communal responsibility." As assets in federation donor-advised and participatory funds continue to accumulate, pressure mounts within federations to balance the communal-centered allocations model of fund distribution with more personalized forms of participatory philanthropy.

THE CHANGING PHILANTHROPIC LANDSCAPE

The act of giving to a federation annual campaign is fundamentally *transactional* in nature. Donors give generously to a respected organization that they trust will allocate dollars responsibly to deserving beneficiaries. The donor participates in a

heartfelt, albeit one-dimensional, transaction with federation. By contrast, donors who desire deeper involvement as part of their charitable giving expect to have *interactive* experiences. These donors do not find as much meaning in transactional check writing as they do in the experiential dynamic of grantmaking. A burgeoning number of donors want evidence that their contributed dollars are making a difference. The proliferation of federation-affiliated supporting organizations, donor-advised funds, and Jewish private foundations and the popularity of giving circles and philanthropic affinity groups as well as funder networks point to a privatizing and personalizing of Jewish philanthropy. Effective grantmaking is indeed critical to these funders and will become more important for federations as they deal with the changing philanthropic landscape.

Why does effective grantmaking demand the thoughtful attention of the federated community? There are four key factors:

1. Long-time donors want assurances that their donations are being used responsibly, especially given escalating Jewish needs locally, nationally, and internationally.
2. Trends in philanthropy, such as the growth of social venture partner funds and women's foundations, are visible signs that creative approaches to participatory philanthropy are attractive to donors and funders.
3. The steady and even precipitous decline in the number of people contributing to local federation annual campaigns raises the possibility that more effective grantmaking might compel non-donors to contemplate giving.
4. Engagement in effective grantmaking offers an exceptional opportunity for personal expressions of Jewishness in actions that are more powerful than a straightforward transactional donation of money to the federation.

What is it about the Jewish world today

that has created a unique philanthropic environment? There can be no doubt that needs in the Jewish community are expanding. The persistent Middle East crisis erodes the Israeli economy in devastating ways, tearing at the country's social fabric. Israel has experienced two consecutive years of negative economic growth for the first time since 1953 and 1954. The heinous Islamist "holy war" has wreaked havoc and hardship throughout Israel's system of human and social services. Increasing sums of money, both governmental and philanthropic, are sought to bolster Israeli security and to help ameliorate the deteriorating independent sector. Internationally, because of the collapse of the Argentine economy, the Jewish middle class has plummeted into poverty. The United Jewish Communities has organized emergency fundraising campaigns to raise dollars that can be used for their basic needs – food, shelter, medical supplies, and the like. Meanwhile, resurgent Jewish life in the Former Soviet Union, along with the demographic reality of elderly Jews struggling to survive, has stimulated calls for monetary contributions to be directed toward the FSU. Funds provide basic human services to a frail population and support educational and cultural programs as well as capital projects that house programs of Jewish renewal. In addition, 2.5 million European Jews once again confront a continent whose collective lack of political will and moral resolve in the face of rising hate crimes against Jews marks Europe as an "irredeemably anti-Semitic" (Lerman, 2002) place. New funds are called for to combat blatant anti-Semitism, which is manifest in acts of desecration and intimidation.

Our most loyal contributors to the federations' annual campaigns are acutely aware of this expanding agenda of need. Often these generous donors serve on the boards of the beneficiary organizations supported by annual campaigns. They travel abroad to see the institutions and individuals to which overseas campaign dollars are directed. In many cases, repeat donors are the very same

people who fund novel local start-up projects and who enthusiastically contribute to national campaigns such as birthright israel and Jewish camping. The act of federated giving is literally an article of faith for these donors: they have a "habit of the heart" that impels them to look to the federation and its natural partners (the Jewish Agency for Israel and the American Jewish Joint Distribution Committee) as the best means for ensuring maximum value for the dollars they donate.

However, there is increasing competition for these donors' attention, time, and charitable donations. Not to be forgotten is the numbing reality of a three-year decline in the stock market (which has lost more than \$8 trillion of value during this period) that has adversely affected most donors. Simply stated, the high demand for scarce resources creates an imperative that dollars granted for charitable purposes make a difference. Judicious use of philanthropic resources has become a paramount concern for federations' donors and funders. Effective grantmaking at the onset of the new millennium is a necessity.

A second phenomenon affecting federations is the evolution of new forms of participatory philanthropy. In this "rising tide of engaged philanthropy" (Raul, 2002), funders search for ways to enact values, which are often faith-based, and to realize philanthropic goals through personal involvement in grantmaking. This style of grantmaking entails much more than a mechanistic transaction of writing a check in response to a federated donative appeal. The funder wants to devote attention, time, and expertise as well as money in an engaged process of grantmaking. Often in this scenario, the funder contemplates becoming directly involved in the grantee organization(s) that is the beneficiary of the funding decision.

PERSONAL ENGAGEMENT

The field of philanthropy is rife with discussion about the growth of donor-designated giving and the proliferation of funder-centered initiatives (Appelbaum & Clontz,

2002). Marvin Cohen, director of the Jewish United Fund/Jewish Federation of Metropolitan Chicago's Center for Philanthropy, observes that there now exists an "irresistible force among donors who want to control the giving process" (quoted in Fishkoff, 2003). Certain scholars go so far as to suggest that "the communal Jewish agenda in this country is being decided by separate philanthropic entities, rather than by one united federated system" (Fernandez, 2002). Clearly, many of our donors evidence a bias toward control in highly personalized, hands-on giving.

The general community is witnessing a dramatic move in this direction. Proxicom company chairman and CEO Raul Fernandez (2002) talks about his need to become engaged in his philanthropy in this way:

When Proxicom went public and I realized my own net worth, I needed to find meaningful ways to help those in the community who weren't as fortunate as I (sic). But I wasn't really sure what to do or how to do it. . . . One thing I did know was that I didn't just want to write a check. I wanted to channel both my wealth and knowledge in an effective way.

Note that Fernandez comments that while he was fully cognizant of his motivation for *giving*, he was uncertain as to how to go about *acting* philanthropically. He decided to link to the highly publicized Washington, D.C., Venture Philanthropy Partners (VPP) network. VPP is one of dozens of venture philanthropy groups around the United States, most modeled after the successful Seattle fund of this type. Venture philanthropy is decidedly interactive in nature. Funding participants are often described as "partners" and are usually expected to augment their funding with full participation in the grant review process, board volunteerism, and/or targeted pro bono management or technical assistance to funded grantees.

In the Jewish world, venture philanthropy has spawned the innovative Joshua Venture and a very small number of federation-sponsored venture fund groups. (The Jewish Fed-

eration of Greater Washington sponsored one of the first of these funds.) By all reports, venture philanthropy brings new funders together who share a passion for social investment of charitable dollars, personal involvement in the grantmaking process, a philosophical commitment to results-oriented philanthropy, and both the interest and willingness to work voluntarily with grantees if the fund has meaningful, appropriate expertise to offer. Funding partners in venture philanthropy also expressly value networking and learning together. This is particularly important to the growing number of professionals employed in home-based businesses or who are self-employed (see Bridges, 1995; Pink, 2002).

Of course, given the extraordinary growth in contemporary society of myriad forms of individualism – in areas as diverse as family, employment, financial investment, and spirituality (Blanchard, 2002)– the popularity of philanthropy that is both participatory and particularistic should not come as a surprise to federated organizations. Furthermore, it is indisputable that the special interests of Jewish mega-funders reverberate throughout the Jewish philanthropic world. Consider the extraordinary work of the Bronfmans, Goldmans, Harold Grinspoon, the Mandels, Schustermans, Stephen Spielberg, Weinbergs, Leslie Wexner, et al. It is anachronistic for any one organization to claim, philanthropically, that it possesses “central address” status. The Jewish Federation of Greater Philadelphia in its recently published strategic plan acknowledges as such, proclaiming that “Federation is no longer the leading driver of Jewish philanthropy, nor is Federation at the forefront of change, impact, and innovation” (*A Strategic Philanthropic Plan*, 2003).

Other forms of participatory philanthropy represent a new way of conducting philanthropic work. Women’s foundations have grown dramatically in recent years. The UJC currently identifies 25 federation-based women’s foundations. Admittedly, women’s divisions in local federation campaigns by all

accounts continue to grow, change with the times, and innovate. Similarly, women in campaign young leadership divisions and across campaign divisional groups push federations to adopt more highly affiliative fundraising strategies. However, having accomplished women provide leadership within the established federation fundraising structure is simply not the same as engaging women in women’s foundation grantmaking activity. The former is important for the federation because it adds depth to its mainstream fundraising effort. The latter is essential to the federation in diversifying and expanding its donor base and in cultivating a new generation of lay leaders. It confers far more responsibility and authority on women than the fundraising/event planning activity that predominates women’s work in Campaign.

In an article for the Boston Jewish federation, Susan Ebert (2000) states the case for women’s foundations forcefully: “Women’s funds, vehicles for change on so many levels, also constitute a last chance for Jewish federations to open opportunities for women to flourish in leadership roles. The women who will try one more time to rise to leadership in Jewish organizations will do just that. Should the organizations fail to open to them in a meaningful and substantial way, these powerful achievers will turn away and will not turn back.”

THE ANNUAL CAMPAIGN

Unfortunately, there seems to be no single definitive analytical survey on the annual campaign, although such a resource would be invaluable. The UJC Annual Campaign Surveys, compilations of self-reported campaign data from federations across the country, are perhaps the most useful tool for assessing campaign successes and trends.

A review of the UJC’s 2002 Annual Campaign Survey reveals the following:

- Aggregate increases in campaign giving in the last decade among 160 federations range from 11.3% (in the 20 large inter-

mediate federations) to 21.3% (in 20 large federations). Adjusted for inflation, the overall ten-year increases in funding are nominal and actually lag behind inflation in most cases. Campaigns in 18 federation communities have declined in real dollars during this ten-year period.

- The number of donors contributing to annual campaigns is decreasing in the vast majority of cities. Cleveland, for example, experienced 18 consecutive years of declining numbers of contributors before finally reversing that trend in 2002. In many cities, this decrease in the past ten years has been very significant — as high as 41% and averaging 25.8% among the large federations and 30.2% among the large-intermediate federations.
- Only two cities among the 40 large and large-intermediate federations have experienced growth in their Jewish population.
- The per capita giving varies dramatically from city to city, ranging from \$427 to \$12 per person.
- Thirty-five gifts of \$1 million or higher were contributed to the 2002 annual campaigns. This is arguably a very small number, given what we know about mega-giving in this country during the period 1995-2000 (Tobin et al., 2003). Furthermore, only modest increases both in dollar amount and number of contributors giving at high levels give cause for serious concern because major donors are typically the primary source of any real growth in campaign dollars collected.

What is commonly articulated in the field is indeed accurate: annual campaigns are generally flat. Major donors are responsible for gross increases in campaign dollars collected, but when inflation is considered, few cities have enjoyed real growth in their campaigns in the last decade. (Dollars raised “above the line” have been contributed to special campaigns for overseas’ emergencies.) Extraordinary local and national effort best characterizes the field’s work. However, for at least a decade, this Herculean effort to reposition, reengineer, and even reinvent the

annual campaign unfortunately has not accounted for any significant real growth in dollars contributed.

Trends in Jewish demography (NJPS, 2003) and the ten-year history in federation campaign activity are telling indicators of a stark empirical reality: federations cannot plan their community’s financial future based on annual campaign allocable dollars. The campaign, both as a fundraising vehicle and as a means for engaging philanthropists, has decided limitations. This phenomenon is well researched. Sherry Israel (2001), writing for the Jerusalem Center for Public Affairs, calls it an “organization disconnect.” She asserts:

The dominant public organizations of American Jewish life were shaped in earlier eras when Jewish belonging was a given, and they were formed to deal with the issues of the day, which were not those of personal meaning and relevance but relief and rescue, social service, and mediation between the Jewish minority subculture and the majority Christian American culture. There is, therefore, a mismatch between the needs and perceptions of most Jews and the basic assumptions and programs of most of the communally-based American Jewish organizations.

Sociologist Stephen Cohen (2002) argues, “In comparison with the not-so-distant past there exists a steep decline in collective commitment generally and communal attachment specifically (i.e., Jewish federations, organized community, Israel).” The moderately-affiliated Jews whom Cohen researched “saw conventional organized Jewry as largely irrelevant to their lives.”

TOWARD TRANSFORMATION

The key questions are these: Can federation-affiliated philanthropy make for meaningful Jewish experiences such that donors are attracted to the federation? Can federation grantmaking activities speak to donors’ individual passion and yet somehow provide pathways to engagement with the Jewish

communal agenda? (Horowitz, 2000). How responsive should we be to funder boutique interests, recognizing that ultimately "working together is much harder than going it alone?" (Skloot, 2002). Are federations flexible enough to maintain integrity in fulfilling their Jewish mission and to allow simultaneously for myriad, as opposed to monolithic, grantmaking structures? Cohen and Arnold Eisen (2000) discovered in their research that "the institutional arena is no longer the primary site where American Jews find and define who they are and the selves they want to be." If this is universally true, will federations become a more inviting sanctuary for donors by creating federation grantmaking experiences that foster fruitful Jewish journeys?

A less parochial, more penetrable federation can indeed provide contemporary donors with dynamic grantmaking opportunities that invite unique expression of one's Jewishness. Nationally, major projects (birthright, Jewish Camping, the Program for Excellence in Jewish Education) initiated by individualistic mega-donors have become part of the federation grantmaking agenda. These projects have been shaped by lead donors' ardent and publicly articulated Jewish values and beliefs and their lofty philanthropic aspirations. Many federations have now absorbed these projects as priorities for funding. Going forward, federations can be well served by the mega-donors if federations relax their confining grantmaking structures to accommodate the so-called sovereign self—the Jewish self that is the "ultimate arbiter of Jewish expression" (Cohen & Eisen, 2000, p. 185).

Yet, it is not solely mega-donors to whom we should respond. Federation's future should include a rich tapestry of nationally networked donor-advised funds, giving circles, youth philanthropies, social venture partners, women's foundations, and supporting organizations. All of these participatory forms of philanthropy can connect funders to the federation while evincing from them personal meaning-making within a distinctively

Jewish context. This grantmaking activity is a natural extension of the annual campaign. The annual campaign is communally defined and institutionally constructed. It is didactic and donor driven and first and foremost a fundraising function. Participatory philanthropy is individual, familial, and affiliative; socially constructed and exploratory in nature; and funder-centered. It is fundamentally a fund-awarding or grantmaking activity. Participatory philanthropy fosters involvement, stimulates learning, and provides forums for conversation on what is Jewish about Jewish philanthropy.

Organization grantmaking and other forms of participatory philanthropy, especially when linked to deliberations on selecting grantees from a broad list of qualified eligible communal organizations and meritorious Jewish projects, can evoke personal soul searching in funders. This conversation is laden with social activity and most frequently involves problem solving and conversation about the essence of Jewish philanthropy. The practice of "reflective morality" (Wuthnow, 1996) in federation grantmaking leads to enriched moral discourse on matters of utmost importance to many Jewish funders. Federations as sanctuaries for this conversation and sociality can become welcoming, accessible places of community connection.

The temptation here is for federations to try to become all things to all funders. That effort would be a mistake. Here too the Philadelphia federation (2003) has made a powerful public statement:

In the past, in order to keep everyone happy, or just simply to maintain the status quo, Federation would say "yes" to everyone. We tried to be all things to all people, but the effect over time has been to dilute the impact of our work. Now, we cannot possibly develop the financial or human resources or the necessary expertise to make a meaningful impact in every arena where we now operate. Greater focus in fewer areas is essential to have substantive, visible impact.

Numerous associations of grantmakers already exist and are proliferating – Jewish Funders Network, The Shefa Fund, the Council on Foundations small foundations, affinity groups, birthright, and PEJE, among others. These special interest funding collaboratives offer satisfying opportunities for funders who desire to pursue grantmaking in a particularly well-defined field of interest. What the federation can and must do in this crowded canvas of conveners is two-fold: *first, describe in consistently compelling ways the needs of the organized Jewish community, locally and worldwide; and, second, through highly participatory forms of philanthropy practiced within a clearly articulated Jewish framework, involve and engage funders in an ever-widening circle of Jewish philanthropy that is demonstrably effective in its process, outcomes, and impact.* “Today, in every area of giving, we have a landscape of philanthropic spread rather than a tower of effectiveness. . . . Each of us [as funders] sincerely seeks to put his own stake in the ground and make it as effective as possible, but individual, unconnected good works run counter to continuous collaboration and learning” (Skloot, 2002, p. 7).

The opportunity is extraordinary and the time propitious. Federation annual campaigns, which are patently fundamental to our work and to our identity, nevertheless cannot control our future. A decade or more of flat campaign results dictates new approaches to engaging donors. Federations can move beyond donor transaction to funder interaction as one means to strengthen the federation fabric. Judaism is no longer a condition but a choice. The Jewish self is not defined by institutions but is socially constructed. Jewish identity is not place-bound but a lifelong journey through real and virtual realities. Federations must abandon a one-dimensional approach to resource development and reach for more dynamic philanthropy.

Historically, federations raise money and build community. These activities are now complemented by an exploding grantmaking

agenda. Jews in our local communities and our brothers and sisters in Israel, Argentina, and the Former Soviet Union command our attention. Jews throughout the world benefit from the system’s extraordinary philanthropy. Campaign dollars are a necessary but clearly insufficient source of funding to respond to the needs. Sadly, with a few notable exceptions – and especially in cities where Jewish foundations have been incorporated separately from their federations – local federations have made totally inadequate investments in comprehensive grantmaking services for Jewish philanthropists who want to be active within an organized communal framework. Participatory philanthropy, practiced with professionalism, transparency, and accountability, will at once fortify and leaven the federation mission:

The future hinges on whether the professional practice of . . . communal activists can and will change in ways that take account of the increased sovereignty of self and the centrality of the search for personal meaning; of institutions and the attenuated sense of Jewish peoplehood that these institutions have conveyed; whether Jews bent on the sovereign pursuit of fulfillment can be persuaded to seek and find that fulfillment inside revitalized communal frameworks and institutions (Cohen & Eisen, 2000, p. 207).

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"We rise by raising others and he who aids the fallen stands strong."

Talmud



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We thank you for the contributions you have made
over a lifetime of service to the Jewish people.
Your vision, leadership and dedication
are an inspiration to us all.