

# FEDERATION PHILANTHROPY FOR THE FUTURE

## A Response

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I share many of the concerns raised by Chip Edelsberg, so the purpose of this response is not to argue with his central premises. That being said, since when does agreement among Jews signify an end to the conversation? There are nuances and tensions to explore, implications to be considered, and emphasis to be lent to the subject.

Let me begin by reaffirming the value of an institution to which we both are firmly committed: the annual campaign. Edelsberg recognizes that the process of allocating campaign dollars should remain "central to the federation mission," although he characterizes this process as a "closed system," dominated by "an elite group of federation donors." He is correct, of course, in asserting that a relatively small number of lay leaders are involved in making critical decisions about federation funding. However, it is important to note that the comparison is in reference to the total universe of Jewish donors whose charitable activities are evidenced by writing personal checks or by directing private family foundations. And herein lies the central tension between a mode of giving reflecting communal judgment fashioned as a consensus of leaders and an approach that yields to the "sovereign self" in its myriad manifestations, reflecting individual preferences, which in turn invariably leads to a broader spectrum of priorities.

I believe that the point Edelsberg wants to make is that if federations are to persevere as effective agents of Jewish philanthropy, then they must embrace both ways of doing business. I suspect, however, that he feels that the campaign and its attendant distribution processes have so dominated federations' sensibilities that it is his task to elevate the claims of more broadly inclusive forms of philanthropy.

Fair enough. However, in seeking to es-

tablish a felicitous balance, I fear that Edelsberg may be overstating the qualities of alternative forms of philanthropy while leaving the impression that the still dominant campaign is elitist and out of touch. First, consider the campaign allocation system. The process is at once enriched and burdened by the insistence that lay leadership participate fully. Moreover, federations have developed elaborate mechanisms for identifying, recruiting, and developing young leaders to ensure the continuity of lay leadership's involvement. In the service of reaching decisions about communal priorities that reflect a reasonably elastic consensus, the federations have involved a substantial number of people and have thus sacrificed a degree of efficiency. No doubt, the federations have also been rather more conservative, a bit less bold than they might otherwise have been, in order to hold to the middle ground. However, unless one is contemptuous of the possibility and the necessity of Jews joining together in the modern Diaspora or dismissive of our need to develop a cadre of leaders, should we not applaud the rather extraordinary history of the federation movement in building Jewish community? Perhaps in recognizing the limitations of federations as agents of consensus, we should recall Winston Churchill's observation about democracy, which he argued "is the worst form of government except all the others that have been tried."

Seeking to extend the reach of federations further and to tap into a potential source of dynamism, Edelsberg properly draws our attention to "new forms of participatory philanthropy." Herein lies the other end of the spectrum where individual choice reigns. That the field of philanthropy is being drawn ineluctably in this direction is evidenced by the national decline in giving to the United Way, the fact that a number of federations'

campaigns (with notable exceptions) have either flattened or declined, the astronomical increase in the assets of private family foundations, and the enormous growth of donor-advised funds managed by federations, community foundations, and commercial institutions alike.

One might ask how this movement toward individual choice has benefited the Jewish community and the larger community in which we live. Again, Edelsberg offers a valuable perspective. Certainly, individuals whose philanthropic priorities are not captured by conventional funding strategies may find alternative, boutique outlets for their passions. Moreover, philanthropists who would be more daring may invest in programs that, if proven successful, may eventually be incorporated into the mainstream. Still, the injunction to let a thousand flowers bloom does not guarantee that a garden will emerge. There is also the danger, were communal structures to be weakened further, that we would diminish an authentic voice that is capable of articulating the common good. Fragmentation of effort, with the attendant inability to concentrate resources where they are most needed, might also be an outcome.

Edelsberg's reference to Jewish mega-donors is quite relevant to this concern. No one questions the fact that a handful of Jewish families blessed with immense wealth and passionate about their concerns have had a profound impact on the field of Jewish philanthropy. Yet, the fervor, resources, and intelligence of individual donors need not trump the accumulated experience and knowledge of federations. Rather what is called for is a dialogue from whence a partnership can be forged, which will not only improve project design and thus outcomes but also enhance the prospect that initiatives, once having fulfilled their promise, will find sustaining support.

Recognizing that the viability of the federation movement requires accommodation to the evolving nature of the Jewish community and its leadership, federations around the country are proving remarkably agile at

embracing the tensions that Edelsberg's article demarcates so artfully. Who, for instance, has been more adroit in bridging the span between a federation and private philanthropy than Darrell Friedman when he successfully engaged the Weinberg family and in the process managed to influence judiciously the giving priorities of one of America's largest foundations? In Chicago, we recently announced the creation of our Center for Jewish Philanthropy, which will consult formally with local family foundations, assisting them to produce mission statements, fashion grant-making priorities, and identify funding opportunities. The San Francisco Federation is well known for having creatively forged enduring relationship with philanthropically oriented families. In Cleveland, Edelsberg's portfolio includes both the administration of the Federation's Donor-Advised Funds program and its needs assessment function.

In contrast to federations' century-long, prodigious efforts to galvanize members of our Jewish communities around the annual campaign, the majority of these institutions have been promoting donor-advised funds programs for less than two decades. We are, in effect, developing a new line of business: encompassing philanthropic funds and supporting foundations while simultaneously endeavoring to integrate this enterprise within our institutional structures and ethos. We are moving along a learning curve, which requires that we reexamine who are our customers, what services we should offer to these customers, and what are our responsibilities.

Both explicitly and implicitly Edelsberg addresses these questions. He demarcates a shift of consciousness among federations' constituency, from a dedication to communal values to the reification of the "sovereign self." In doing so, he argues implicitly that if federations are to persevere, then our customers must include the unaffiliated individual. He insists that the new breed of individual philanthropist wants to be assured that his or her charitable dollars are being de-

ployed wisely, generating a return on investment and fulfilling private passions. In this, Edelsberg is surely right, up to a point. No one wants to direct philanthropy to foolish causes that are ineffective and unrelated to one's concerns. Yet, that does not mean that most donors pay much attention to how the objects of their philanthropy are performing, nor that they are prepared to invest much energy in securing this information.

When Edelsberg refers to a "rising tide of engaged philanthropy," he gives the impression that this surge will fundamentally transform the nature of the exchange between donor and beneficiary. He suggests that the "habit" of giving to the annual campaign, which is *transactional* in nature (i.e., the mere act of writing a check), is being supplanted by the exercise of philanthropy as an *interactive* process, i.e., "the experiential dynamic of grantmaking." Here, I believe that Edelsberg has both captured a significant development, particularly as it applies to megadonors, and exaggerated its impact. The typical donor may well be more inclined today to choose which specific agencies or causes will benefit from his or her philanthropy, rather than to give through combined appeals, but this does not necessarily imply that the donations made are any less transactional or any more interactive. The overwhelming majority of philanthropists, whose contributions to charities issue from their donor-advised funds or family foundations, are still basing their decisions on articles of faith concerning the probity and effectiveness of the agencies in which they invest. Busy men and women, preoccupied with careers and the demands of raising families, have precious little time to devote to strategic philanthropy.

Edelsberg is more on target when he characterizes the popularity of donor-advised funds and private foundations as pointing to "a privatizing and personalizing of Jewish philanthropy," or when he cites Susan Ebert's lament that "the new generation . . . hasn't embraced the lessons of communal responsibility." And here the questions that

he poses could not be more compelling or more urgent. "Can federations' grantmaking activities speak to donors' individual passion and yet somehow provide pathways to engagement with the Jewish communal agenda?"

Both Edelsberg and I are committing a great deal of our personal energy, intelligence, and passion to ensuring that this question is answered in the affirmative. In this quest, we are joined by our colleagues in federations all around the country. We are experimenting with new or recovered forms of philanthropy such as giving circles that we hope will entice funders out of their private sanctuaries, bringing them into relationship with one another in pursuit of common purposes. We are creating opportunities for trustees of private family foundations to sit around a table convened by federation to explore opportunities for collaborative grantmaking. We are designing educational programs—seeking at once to pique donor interests, inform their grantmaking, and reinforcing the fact that the roots of their philanthropic impulses can be found in the rich tradition of Jewish thought. We have not yet found the formula that will guarantee the success of these endeavors, but we are experimenting and investing significant resources toward realizing this purpose.

One of the reasons that this goal, tantalizing as it may be, remains elusive is that we cannot monolithically pursue our ambitions. Where once federations sought to fortify the annual campaign, now we must also endeavor to build the asset base of our donor-advised funds programs while also extending a respectful hand to private, Jewish family foundations. Our task is more complex; our objectives sometimes pull us in different directions. And yet because these objectives are not antithetical, we must learn to live with the tension. In Chicago, the single largest gift to our annual campaign is the aggregated contributions deriving from our philanthropic funds and supporting foundations.

The challenge then is to strike the optimal balance. In an environment of scarcity, how, for instance, should the federation allocate precious resources among its campaign and its donor-advised funds program? Between that which it can control and that which it can merely influence? How much of an investment should federation make in securing its donor base versus extending its base of support? Though we may not have yet determined the most productive approach, it is

instructive to note that the budgets of donor-advised funds programs are increasing.

As Edelsberg reminds us, "Historically, federations raise money and build community." As the nature of this community changes, the tools that federations employ to build and sustain this community must likewise evolve. It is a tribute to the federation movement that we are embracing this challenge, learning from our donors, and learning from each other.

*The staff of the Jewish Community  
Federation of Cleveland salutes*

*Darrell Friedman*

*for a lifetime of work devoted to  
developing federation professionals  
to serve the Jewish people.*

*Kol hakavod!*



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