

# Mega-Gifts in American Philanthropy

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GIVING PATTERNS

BETWEEN 1995-2000



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## MAJOR FINDINGS

### **Mega-gifts are a key part of philanthropy**

Mega-giving is an important component of American philanthropy. Donors provide billions of dollars annually to non-profits through gifts of \$10 million or more. The magnitude of the highest-end giving is such that major areas of society can be seriously influenced.

### **Jews are remarkably generous givers to the general society**

American Jews are generous well beyond their community numbers. Jews made 188 of the total 865 mega-gifts, representing \$5.3 billion of the \$29.3 billion total between 1995-2000. The Jewish community consists of 6.5 million, about 2.5% of the overall population of the United States. Yet, 22% of all mega-gifts and 18% of all monies came from Jews.

### **Few mega-gifts from Jewish philanthropists go to the Jewish community**

The culture of giving is deeply embedded in Jewish communal life. Yet, at the same time, Jewish organizations received a minute proportion of Jewish mega-dollars. Only \$318.25 million from 18 gifts went to Jewish organizations or institutions. These gifts constituted only 9.6% of all Jewish gifts and 6% of all Jewish monies.

### **Mega-gifts are narrowly distributed**

The vast majority of mega-gifts and dollars are concentrated in three areas: education, health, and arts/culture. Together, they account for 86% of mega-gifts and 80% of dollars.

### **Higher education receives the most mega-gifts**

Higher education captured the biggest piece of the giving pie. Higher educational institutions received far and away the highest number of gifts (367 general, 114 Jewish), representing 56% of all mega-gifts. There were 367 gifts to general giving for a total of \$9.98 billion. Fifty-four percent of their gifts and 43% of their monies went to higher education. Jews gave \$2.57 billion, or 61% of their gifts and 49% of their monies, to higher education. Twenty-four percent of all gifts and 20% of monies to higher education came from Jews.

### **Other funding areas are virtually ignored**

Other areas received little funding, including human services, environment, umbrella appeals and minorities. Gifts designated specifically for minorities were almost non-existent.

### **Bigger organizations receive most mega-gifts**

Most of the organizations that received funding were large, well recognized and prestigious. Most of the gifts can be classified as “safe” or “risk averse.” There were few unknown or smaller non-profits in the giving list.

### **Tax subsidized dollars are flowing to university endowments**

The top ten endowed universities have over \$78 billion — more than the GDP of the 75 poorest nations combined. Only 42 of the world’s 200 plus countries have GDPs larger than the endowments of these 10 schools. Chile, Pakistan the Czech Republic and New Zealand, for example, fall below this mark.



## RECOMMENDATIONS

### **Evaluate the appropriate allocation of philanthropic dollars**

A scholarly and public debate should focus on the appropriate roles of the public sector, private sector, and philanthropic sector in addressing human service needs, minority needs, environmental needs, and other areas of public concern. This report indicates that some funding areas are virtually untouched by mega-donors. Is this the result of access, donor preferences, or other issues?

### **More research on motives for giving should be completed**

It is important to have a better understanding of why and how mega-givers choose their philanthropies. Are they giving to the institutions or people? Are the personal connections to professionals, other philanthropists, or business associates, or all of the above? More study on the donor dynamics of mega-giving is required.

### **Examine lack of mega-gifts to Jewish organizations**

The Jewish community needs to examine the dearth of Jewish gifts to specifically Jewish institutions and organizations. What are the causes for the disconnection of nearly all mega-gifts from the Jewish communal structure? More research about this area is necessary.

### **Develop better mechanisms to link funders with potential grantees**

Better links need to be developed between funders and potential grantees. Currently, most mega-givers are supporting what may be considered “risk-averse” institutions and programs. Some of this funding may be due to a genuine desire to support such institutions, but it may also be a function of lack of knowledge, connections, and trust in a variety of other less prominent, more grassroots organizations. Initiatives should be created that help link funders with a wider variety of opportunities in which to invest their philanthropic dollars.

### **More technical assistance to grassroots organizations**

More technical assistance to grassroots organizations should be developed through an initiative of foundations and private donors. Currently, the playing field is not level in terms of soliciting support, especially from mega-donors. Small worthy organizations can hardly compete with the experience, size, and resources of the development offices of major universities, for example. Providing technical assistance in fundraising, development, grantwriting, and so on could help thousands of non-profits be better positioned to develop the resources necessary to fulfill their missions.

**Examine philanthropy to  
colleges & universities**

Colleges and universities are receiving huge public subsidies, not only in the form of mega-gifts, but also in the form of tax supported philanthropy in general, funds from state legislatures, and a myriad of grants from governments at all levels. Given the size and scope of these infrastructures, it is worthwhile to explore the efficiency of both the capital infrastructures, e.g., the number and location of campuses, and the financial and human resources devoted to fund the operations of thousands of colleges and universities.

**Examine the federal subsidy of  
university endowments**

The tax policies that allow institutions to accumulate large endowments should be examined. Currently, all philanthropic dollars are treated equally. Yet certain institutions, particularly colleges and universities, are using tax subsidized dollars that are removed from the public domain and kept seemingly in perpetuity. Federal subsidy of the largest university endowments needs to be studied and debated.

## INTRODUCTION

### **Philanthropy as an American Value**

Philanthropy is an American tradition not closely replicated in any other country.<sup>1</sup> Philanthropy in the United States of America is one of the great success stories of a democratic society. The philanthropic system in America is unique, structurally as well as philosophically.<sup>2</sup> It flourished in the first full century of the young nation with the creation of such civic institutions as universities, libraries, and museums.

The unique qualities of American philanthropy bring together a synthesis of the themes that have built the nation. Philanthropy has strong roots in faith and religious beliefs. It captures the power of individuals coming together as community, often motivated by a distrust of government and seeking greater individual autonomy. Further, these efforts have led to substantial and important breakthroughs in every component of human endeavor.

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When the Industrial Revolution created vast new fortunes in railroads, mining, and manufacturing, American philanthropy was stimulated by the sense of *noblesse oblige*, “the obligation of honorable, generous, and responsible behavior that is a concomitant of high rank or birth.”<sup>3</sup> Contributing financial resources to worthwhile educational, social, and cultural organizations was believed to bring social admiration and divine approbation.<sup>4</sup> For example, John D. Rockefeller, the richest American of the nation’s first hundred years, dispensed charity in munificent amounts for the benefit of the poor and the sick.<sup>5</sup>

The sheer size of the new industrial fortunes and the initiation of a federal income tax in

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1. For comparison of philanthropic traditions around the world, see Warren F. Ilchman, Stanley N. Katz and Edward L. Queen, II, eds., *Philanthropy in the World's Traditions* (Bloomington: Indiana University Press, 1998).

2. For a detailed, thoughtful discussion of interplay of philanthropy and philosophy, see Mike W. Martin, *Virtuous Giving: Philanthropy, Voluntary Service and Caring* (Indiana University Press, 1994).

3. Philip Babcock Gove, ed., *Webster's Third New International Dictionary of the English Language, unabridged* (Springfield, MA: Merriam-Webster Inc., 2002), p. 1532.

4. For a discussion of American wealth as a consequence of Calvinist ethics, see David Brooks, “Why the U.S. Will Always Be Rich,” *The New York Times Magazine*, June 9, 2002, p. 88. He notes, “In America, money is promiscuous. Money is ubiquitous. But most of all, money is virtuous.”

5. Chernow, Ron, *Titan: The Life of John D. Rockefeller, Sr.* (New York: Random House, Inc., 1998).

1913 created new incentives for altruism and presaged the establishment of new charitable foundations, of which Rockefeller, Andrew Carnegie, Russell Sage and others were the pioneers. These were tied to the desire to give back to society, a convergence of religious, social and psychological forces that still characterize American philanthropy.<sup>6</sup>

Philanthropy mirrors the great sweep and scope of the American economy, which has produced unprecedented prosperity. For example, between 1982 and 1995, charitable foundation assets grew by 13.5% annually (the biggest rate of growth ever). If this trend continues, even accounting for the current downturn (assuming a steady pay out of the federally-required 5% minimum each year), and without counting all new gifts and bequests, foundation resources alone could grow to between \$4 trillion and \$5.9 trillion by 2035.<sup>7</sup> In fact, some individual foundations now rival in size the national budgets of smaller nations. For example, the Bill and Melinda Gates Foundation, currently endowed at \$32.75 billion but likely to receive tens of billions more, could someday be paying out \$4 billion annually under some estimates. That is almost 20% of the total allocations now made by American foundations.

Jewish philanthropy has a special place in American philanthropy. For over a century,

Jews have built a multilevel philanthropic organization structure to fulfill their common vision and mission, powerfully driven by a long history of faith values which stress giving as synonymous with justice and communal structures, especially in European roots, which were driven by voluntary self-taxation.

### Jewish Philanthropy

For the Jewish immigrants arriving at Ellis Island with only the clothes on their backs, the prospect of any of them sharing the privileges of great wealth exemplified by the Rockefellers must have seemed pure fantasy. And yet, along with their meager baggage, the Jews brought their own noble and powerful traditions of altruism, including that of *tzedakah*.<sup>8</sup>

The assimilation of millions of Jews from Eastern Europe and elsewhere by the United States at the turn of the last century would have as much of an impact on America as it would have on the evolving Jewish-American. The achievements of the Jewish people in general, and of Jewish philanthropists in particular, is an impressive story of leadership and reciprocity, of a people giving back for the precious life and opportunity America had given to them.<sup>9</sup>

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6. See Robert Wuthnow, *Acts of Compassion: Caring for Others and Helping Ourselves* (Princeton University Press, 1991).

7. *Philanthropy*, Jul/Aug 1999, p. 26-7.

8. For some of the philosophies concerning Jews and modern philanthropy, see Lawrence Bush and Jeffrey Dekro, *Jews, Money & Social Responsibility: Developing a "Torah of Money" for Contemporary Life* (Philadelphia: Shefa Fund, 1993); Eli M. Shear and Chaim Miller, *The Rich Go to Heaven: Giving Charity in Jewish Thought* (Northvale, NJ: Jason Aronson Inc., 1998); and Danny Siegel, *Mitzvahs* (Pittsboro, NC: The Town House Press, 1990) for the role of philanthropy or *tzedakah* (literally "righteousness").

9. For a good history of Jewish philanthropy in the mid 20th century see Alfred Jacob Kutzik, *The Social Basis of American Jewish Philanthropy* (Dissertation, Brandeis University, 1968); for a valuable work docu-

America's Jewish community has traditionally been extremely successful in its fundraising efforts. Indeed, it has served as a model for other communities. Along with other affluent Americans,<sup>10</sup> Jews have been in the forefront of philanthropy to educational, social, economic, and cultural organizations of diverse variety, dedicated to improving the human condition and enhancing the quality of life for millions of Americans and for other populations around the world, in spite of the discriminating barriers they faced until the post World War II era.<sup>11</sup>

Jewish philanthropy mirrors the state of the Jewish community, reflecting group values and structure. How Jews give away money

tells a great deal about the evolving character of Jewish life in America. Three overarching characteristics of Jewish life are revealed through the lens of Jewish philanthropy. First, Jews have become highly integrated into the mainstream of American society. Second, Jews remain different, in spite of their integration. Jewish psyche and behavior remains different from the overall society — Jews still practice a different religion, relate to Israel differently, and still largely marry other Jews (although this trend is diminishing over time). Third, Jews have not shed their survival fears. Being secure and still being afraid can cause a major dislocation in the philanthropic system.

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menting Jewish charities in America, especially in the first half of the 20th century, see Boris Bogan, *Jewish Philanthropy: An Exposition of Principles and Methods of Jewish Social Service in the United States* (Montclair, NJ: Patterson Smith Publishing, 1969). Although religious doctrine exists suggesting Jews are to give to Jewish causes first, this doctrine in no way indicates that Jews ought to only support fellow Jews. In fact, religious tradition requires Jews to support gentiles in need: "One is required to feed and clothe the non-Jewish poor together with the poor of Israel, this for the sake of the ways of peace. In the case of a poor person going from door to door, one is not required to give such a person a large gift, but only a small one. It is forbidden, however, to allow a poor person who asks for charity to go away empty-handed—you must give at least a dried fig, as it is stated, 'Let not the depressed turn away in confusion.' The point is that [Jews] have the obligation to help everyone in the community, not only Jews." Jacob Neusner, *Tzedakah: Can Jewish Philanthropy Buy Jewish Survival?* (New York: UAHC Press, 1997), pp. 25-26. Indeed, the Jewish community has always had a tradition of extending charity to all members of their community, whether Jewish or non-Jewish.

10. Much has been written about Jewish economic success. Indeed, there is a long tradition of confusing capitalism and success within a capital system with the Jewish religion. (See Bernard Lewis, *Semites and Anti-Semites: An Inquiry into Conflict and Prejudice*, New York: W.W. Norton & Company, 1999). Classically, the propensity to confuse capitalism with Judaism has often been linked to overt and/or covert anti-Semitic attitudes. A more likely genesis of capitalism is Calvinism. In fact, capitalism, as shown in Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (Trans. Talcott Parsons. London: Routledge Classics, 2002) was the logical extension of a Calvinist attitude towards work and the role of success in religious evaluations of worth. Nevertheless, Jews, and particularly American Jews, have enjoyed a great deal of success in America. While it is difficult to quantify this success, several authors have provided a useful description of Jews within the context of economic success in America. For one such discussion of Jewish economic success, see Steven Silbiger, *The Jewish Phenomenon: Seven Keys to the Enduring Wealth of a People* (Atlanta: Longstreet Press, 2000). Silbiger writes, "To safeguard and enhance the health of their community, Jews zealously deploy their wealth and their time for both charity and social action. The numbers are incredible considering the small size of the Jewish population. In spite of the stereotype that they are miserly, Jews happen to be the most philanthropic ethnic group in the country. Their ability to organize and utilize economic power has been a prime source of the Jewish-American community's strength. Their charitable giving not only supports their expanded world com-

Jewish philanthropy reflects both an ethnic group and religious group defining its place in American society, while at the same time defining its own internal direction and self-definition. Indeed, philanthropy is the means through which much of the communal agenda is debated and decided. Without the structure of a national “church,” or a quasi-government, the philanthropic structure serves the purpose of representing communal policy.

Although data are not available regarding the exact size of total Jewish giving or the propensity of Jews to give more than non-Jews, a general impression exists that Jewish dollars are an integral part in maintaining America’s non-profit sector. Teresa Odendahl notes, for example, that a disproportionate number of the donors she encountered during her research on elite philanthropy were Jewish, and that this was a reflection of broader philanthropic giving and not of her method of identifying wealthy donors. Interestingly, the percentage of her

wealthy donors who were Jewish (28.5%) is higher than the number of mega-donors, indicating that among major donors who give donations of less than \$10 million, the number of Jews may be higher.<sup>12</sup>

Not surprisingly, given the large Jewish commitment to philanthropy, Jewish philanthropists are credited for many innovations including: the matching gift, developed by Jacob Henry Shipp, a leading Jewish philanthropist in America in the mid-1880s; and the practice of “calling cards,” an aggressive manner of fundraising, whereby a professional fundraiser calls out the name and pledge of donors in a public forum and pressures them to make or match the gift. These techniques are no longer effective with many Jewish donors.<sup>13</sup>

The difference between Jewish philanthropy and American giving patterns are increasingly blurred, although differences remain. Gary A. Tobin argues that “The Americanization of Jewish philanthropy has taken place. Jews are

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munity; it also helps individual Jews up the economic ladder...It is written in the Talmud: ‘You’re only as wealthy as the amount you are able to give...The Book of Leviticus is even more explicit: ‘You are forbidden to reap the whole harvest; a remnant in the corner must be left for the poor.’ ” (p. 39).

11. For a thorough discussion of the reasons why wealthy people in general, and Jews in particular, make philanthropic gifts, see Francis Ostrower, *Why the Wealthy Give: The Culture of Elite Philanthropy* (Princeton University Press, 1995). Ostrower also provides a poignant description of the relative veracity of discrimination. “Religion, especially the distinction between Protestants and Jews, has been a major source of differentiation among elites in the United States. Furthermore, religion, or ethnicity, has served as one of the boundaries excluding Jews from the Protestant-dominated social elite and its institutions. For a historical comparison of Jewish versus Protestant giving, see Frank G. Dickinson, *The Changing Position of Philanthropy in the American Economy* (New York: National Bureau of Economic Research, 1970).

12. For a historical look at the disproportionate number of Jewish philanthropists, see Teresa Odendahl, *Charity Begins at Home: Generosity and Self-Interest Among the Philanthropic Elite* (p. 272). “We interviewed 40 elite Jewish philanthropists of both central and eastern European descent; they composed over 28.5 percent of our total sample of wealthy people...We did not try to recruit Jews for interviews; they were active in charitable networks in every city we visited.”

13. Gary A. Tobin and Joel Streicker. *United Jewish Appeal Baby Boomer Philanthropy Study*. Maurice and Marilyn Cohen Center for Modern Jewish Studies/Institute for Community & Religion, Brandeis University, 1997.

now so integrated into the American mainstream, that *tzedakah* has taken more of a character of American philanthropy, and will continue to do so, representing less the religious tradition of Jews and more the civil tradition of philanthropy in the United States. Philanthropy among Jews mirrors certain aspects of the American system, especially among the very wealthy. ... More Jews will make contributions based on American values of giving; voluntary associations, giving through personal choice, and supporting a wide variety of causes. They, like other Americans, will pick and choose that which they want to support, most often philanthropies for which they have some affinity or connection.”<sup>14</sup> This conclusion is supported by our analysis of Jewish mega-giving. Furthermore, baby boomer and younger generations of Jews do not conduct their philanthropy as did previous generations.<sup>15</sup> There are, according to Gary Tobin, five reasons for the Americanization of Jewish philanthropy: One, acceptance and integration into American society; two, fulfilling the Jewish mission of serving larger society; three, giving something back as Americans; four, being ambassadors of the Jewish community; and five, non-Jewish causes may seem more compelling.

Many Jews making mega-gifts to non-Jewish organizations and institutions such as universities and healthcare may consider these to be Jewish causes, even though they are not Jewish institutions. Many Jews may feel that they are acting out their Jewish impulses by supporting education or the cure of cancer in any venue. This argument, of course, has a great deal of credence in that Jewish teaching calls for both particularistic and universalistic giving. This notion alone, however, could not account for the paucity of mega-gifts to Jewish institutions.<sup>16</sup>

The philanthropy of Jewish business leaders is an important expression of their identity as Jews and as Americans. A willingness to commit large sums of money expresses a vision of how the Jewish community ought to be. Philanthropy is a way for Jews to express their cultural affiliation: “For Jews in the corporate elite, philanthropy and fundraising represented the primary means of demonstrating commitment to being Jewish.”<sup>17</sup> Giving and philanthropy continue to shape the Jewish community.

**The Importance of Mega-Gifts and Mega-Donors**  
While only a small part of the world philanthropy (Giving U.S.A.), the mega-gifts, those

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14. Gary A. Tobin, *The Transition of Communal Values and Behavior in Jewish Philanthropy* (San Francisco: Institute for Jewish & Community Research) 2001, p.4.

15. *op. cit.* Tobin and Streicker.

16. The 1999 Tobin study followed-up upon an earlier report which revealed the complexity of such issues as the orientation of foundations toward Jewish or nonsectarian causes. The authors name this “a classic Jewish tension—whether to dedicate oneself to the needs of the Jewish community or to those of the wider society.” Gary Tobin, Amy Sales, and Diane Tobin, *Jewish Family Foundations Study* (Waltham, MA: Maurice and Marilyn Cohen Center for Modern Jewish Studies/Institute for Community & Religion, Brandeis University, 1996) p.7. Furthermore, the children of major Jewish donors may be less likely to favor the Jewish causes supported by their parents. Jack Wertheimer, “American Jewish Philanthropy.” *American Jewish Yearbook* (New York: The American Jewish Committee, 1997).

17. Richard Zweigenhaft and G. William Domhoff, *Jews in the Protestant Establishment* (New York: Praeger Publishers, 1982), pp. 99-100.

in excess of \$10 million resonate far beyond their proportion of philanthropic giving. Throughout the history of philanthropy, they were the flagship gifts, starting new institutions and initiatives for the betterment of humankind. Their donors were the standard bearers who gave others the confidence to follow the very dreams that philanthropy in its purest represents.

These gifts are sought as the lead gifts for institutional advancement and, disproportionately by the society's leading institutions. They are often donor designed to make a breakthrough — creating new organizational settings to improve society or an experiment in societal development. Often, the mega-gift represents the beginning of a trend or direction in philanthropy.

Gifts of \$10 million and more are becoming an increasingly important segment of American philanthropy. For the most part, however, they have been the subject of individual accolades rather than systematic study.

Mega-gifts are important on multiple levels. **First**, a gift of \$10 million can make a substantial impact. Large-scale funding in a particular domain will undoubtedly lead to increased services offered in that area. **Second**, a mega-gift can instantly give the perception of validity to an institution or even an entire field. **Third**, a large gift will often raise the ceiling for all successive gifts. Mega-gifts set and reset the standards of giving to a particular institution or cause. **Fourth**, and perhaps most importantly, mega-gifts alone, constituting billions and billions of dollars, can have a huge effect on society.

Mega-gifts create substantial tax benefits for the givers. Philanthropy is an extension of federal and state fiscal policy. Therefore, the portion of the gift that would otherwise become tax revenue (generally at least 40%, sometimes much more) is a transfer of public funds to private investment vehicles. Consequently, philanthropists have a tremendous responsibility to provide some kind of value to society through their giving.

Moreover, no attempt has been made to study how Jewish mega-giving might differ from that of the larger pool of such gifts. Given the long and pronounced tradition of Jewish American philanthropy, this oversight is not merely surprising, but conceptually limiting. The Jewish community has played such an important role in the development and maintenance of American philanthropic institutions that an accurate portrayal of giving habits in this country necessitates investigating how Jews give.

Yet, little research has been done to understand the mega-gift and the mega donor. This effort was designed as a first phase of exploration in looking at Jewish mega donors and their choices of beneficence. Beginning with the quantitative publicly available data, certain beginning understandings could be obtained. However, the authors understand the need for additional qualitative research so as to better probe the motivations for these gifts as well as the selection of recipient institutions. At a time of substantial societal fluidity, questions of identity and its meaning become more significant so as to provide the various faith communities and other subsets of American life the opportunity to better understand the motivations for giving and

their meaning upon each of these sectors. This report examines mega-gifts made between 1995 and 2000 and compares general giving to Jewish giving. It first looks at overall giving trends of all Americans, then focuses on specifically Jewish giving. This research will be updated and published on a regular basis. The next volume will be pub-

lished in 2004. General and Jewish mega-giving are inextricably intertwined and ultimately influenced to a greater extent by a shared American tradition than by cultural differences. Nevertheless, we found important differences between the giving of non-Jews and Jews. This report includes a statistical analysis of general and Jewish giving patterns.

## METHODOLOGY

A list was compiled of gifts of \$10 million or more made between 1995 and 2000 from various sources (See Appendix A). The list was separated into samples of general and Jewish donors, with foundations being Jewish if the principal donor was identified as Jewish. Using these samples, we derived the statistics presented in this report for both general and Jewish mega-gifts. It is important to stress, however, that this list does not indicate which donors are considered “most generous,” as some lists of philanthropic gifts do, nor does it indicate who has given the most money. Furthermore, we do not list the names of the donors because they are not relevant to our analysis.

Two main factors complicated the collection of data for this study. The first is that there is currently no source of complete information on philanthropic gifts of \$10 million or more, and that in the reporting of these gifts, there is a prevailing tendency towards vagueness and inaccuracy. Even the best lists of large philanthropic gifts, including those published in the Foundation Center’s *Foundation Giving Trends* (1999), AAFRC Trust for Philanthropy’s annual *Giving USA* report, *Slate 60*, *The Chronicle of Philanthropy*, *Worth Magazine* “Benefactor 100,” and Center on Philanthropy at Indiana University’s list of gifts over \$1,000,000 are incomplete and often provide conflicting information as to the size, year and inclusion of the same gift. Most of these lists claim only to be based on announced gifts that have appeared in any of a number of news venues, and they often have different criteria for inclusion. For

example, the *Slate 60*, *Giving USA*, and *The Chronicle of Philanthropy* lists are actually all the same list, which eliminates their usefulness for corroboratory purposes. At times these sources will list a philanthropist’s total giving for the year or indicate only how much the donor gave in a particular area rather than providing an itemized list of gifts. In some cases, lack of specific information has made it impossible to differentiate gifts by a number of criteria.

### Reliability of Data

We have attempted to verify the details of each gift through at least two and often three or four sources. While we cannot claim that each and every gift of \$10 million or more is included, we do hold that the sample is indicative of gifts of \$10 million or more made between 1995 and 2000 and that it is adequate for the purposes of the present analysis.

### Recipient Categories

Analyzing gifts on the basis of recipient type presents the challenging task of defining the categories into which gifts will be separated and the guidelines that determine into which category each gift is placed. Many sources portray gifts as belonging steadfastly in one category or another, not acknowledging that the lines between these categories are often blurred. When one gives money to a university for the sole purpose of cancer research, it would be irresponsible to simply say that this gift is for education or for health without some recognition that it is in a sense for both. Thus, while the analysis here required that

each gift be placed into a particular category, and while it was impossible to outline the specifics of every gift, we attempted wherever possible to indicate the subtleties and ambiguities of the gifts.

### **Foundation vs. Individual Gifts**

It has become so common for wealthy philanthropists to fund recipient organizations through foundations for tax or other purposes that sources often do not bother to indicate whether this has been the case. We have indicated as frequently as possible whether a gift was made through a foundation or not, but have otherwise not distinguished between foundation and individual gifts in our analysis, in part due to the aforementioned uncertainty. We have, however, omitted gifts to personal or family foundations in order to avoid giving a donor “double credit” — the transfer of money to the foundation as well as subsequent grants from that foundation. A more difficult decision arises when a donor makes a gift to another grant-making institution in the form of a supporting foundation or donor-advised fund or trust. The failure of media outlets, such as *Slate*, which claims to be a list of America’s most generous philanthropists, to distinguish between these kinds of gifts is perhaps the most misleading aspect of media coverage of philanthropy. When a gift is given to a grant-making institution, be it a community foundation, a Jewish federation or the United Way, this money may or may not remain under the “advisory control” of the donor. The money can be given over to the control of the foundation, most fully as an unrestricted gift, but it is often the case that the foundation serves merely as a “investment vehicle” for money that the donor will use for charitable purposes at a later time, possibly dispensing as little as 5%

of the total fund each year. We have made our best effort not to include this latter type of gift in spite of the lack of readily available information.

### **Year of Gift**

Gifts are sometimes reported when they are pledged and then again when they are paid, which may be one or more years later. It is also common to see a donor increase the size of a gift after it has been reported, which may lead to reporting in multiple years (as well as discrepancies over the amount of the gift). We have identified gifts as having been made in the year of their first known announcement, including any subsequent augmentations of those gifts. Also, most mega-gifts are paid over a number of years and published announcements of these gifts rarely include information on the length of the payout period. We have thus made no distinction between gifts paid all at once and those paid over a long period, although in practical terms the distinction can be enormous.

### **Joint Gifts**

In cases where two or more unrelated philanthropists make a gift, reports rarely indicate how much was paid by each individual. For this reason, we have excluded these gifts from the study. In cases where one donor has made a single mega-gift to a number of organizations and the actual amount going to each is undisclosed, we have listed the donor and all recipients.

### **Withdrawn Gifts**

Occasionally a donor will pledge a gift and then withdraw that pledge due to dissatisfaction with the recipient organization or personal financial reasons. We have removed such gifts from the study as they came to our

attention, but it is quite possible that a few gifts that appear here have been withdrawn.

#### **Method of Payment**

Not all mega-gifts are in cash form. A number of the gifts are highly valued collections of artwork, most often given to museums, while other gifts are in the form of stock, the value of which will of course fluctuate over time. For the sake of simplicity, we have not distinguished between gifts on this basis.

#### **Bequests**

Bequests can be of a very different character from other gifts. Sometimes bequests of \$10 million or more comprise almost the entirety of a donor's estate, whereas other gifts may not amount to more than 1% of a donor's net worth. Thus the bequests were generally from less wealthy donors. Also, people will often give to different causes, for different reasons, just before death than they did during life. While an analysis of these differences would be informative, it falls outside of the scope of this study, for the purposes of which we have not distinguished between bequests and other gifts. Another aspect of bequests is that they are often triggered many years after the donor's death. In such cases, we have indicated the year in which the recipient actually received the money.

#### **Unrestricted Giving to Universities**

Unrestricted giving to universities may in fact be lower than our data captures. Moving forward, we will have more information regarding the exact nature and purpose of

gifts made to universities. Currently, however, our heavy use of quantitative data may lead to an under-representation of restricted gifts made to universities as only qualitative interviews with both donors and university administrators can provide a more accurate picture of the extent to which gifts carry narrow restrictions.

#### **Determining Jewish Donors**

Another difficulty was determining which of the over five hundred philanthropists were Jewish. After extensive Internet searches on a case-by-case basis, a number of federation executives and experts on Jewish philanthropy examined the list and indicated Jews who had not previously been identified. In spite of our best efforts, it is possible that we failed to identify some of the Jews in our sample and have misidentified some as Jewish who are not. In all likelihood, however, the incidences of such misidentifications are slight enough that they have not affected the validity of the sample.

#### **Supporting an Initiative Versus Mega-Giving**

Some of the philanthropists who have given the most within the Jewish community are entirely absent from this study because they have given money over time and not in the form of mega-gifts. Programs such as Birthright Israel, that could receive more than 10 million dollars from the same donor over time, are not included as mega-gifts.



## DATA ANALYSIS

**M**ega-gifts, \$10 million or more to one institution, are acts of incredible generosity. Each philanthropist sees his gift as unique. Certainly the donors do not view their gifts in the context of all gifts of \$10 million or more. Nevertheless, the overwhelming sums that donors give away as major gifts each year do reveal specific patterns. Mega-donors gave a total of \$29,308,756,000. Of the 502 mega-givers, 123 (24.5%) were Jewish. These Jewish donors made 188 (21.7%) of the 865 total gifts, contributing \$5,260,700,000 (18%) of the mega-gift dollars (See Table 1).

### Mega-Giving vs. Other Giving

Overall, the distribution of mega-gifts is markedly different from that of all other giving in the United States. In 2000, for example, religious organizations received by far the largest sum of total philanthropic dollars, 74%, from the broader public, although only

one of the 182 mega-gifts from that year went to religion.<sup>18</sup> An astounding 57% of the money from mega-gifts went to education, almost all to private universities and colleges. Institutions of higher learning received 56% of all gifts, becoming the default recipients of major gifts from elite philanthropists, while other educational institutions received only 9% of broader philanthropic gifts.

### Education

#### Total Giving to Education

Giving to education totaled \$16.7 billion. There were 425 general gifts totaling over \$13.58 billion, representing 63% of all gifts and 56% of all monies. Jews gave 137 gifts for a total of \$3 billion. While the percentage of overall monies was significantly lower at 11%, the overall commitment of Jews to educational institutions in the broadest sense could hardly be stronger.

**Table 1: Total mega-gift dollars and total mega-gifts**

Total mega-gift dollars	General mega-gift dollars	Jewish mega-gift dollars
\$29,308,756,000	\$24,048,056,000 82% of dollars	\$5,260,700,000 18% of dollars
Total mega-gifts	General mega-gifts	Jewish mega-gifts
865	677 78% of gifts	188 22% of gifts

18. Melissa S. Brown, ed., *Giving USA 2001* (Indianapolis: AAFRC Trust For Philanthropy, 2001), p. 154.

### Higher Education

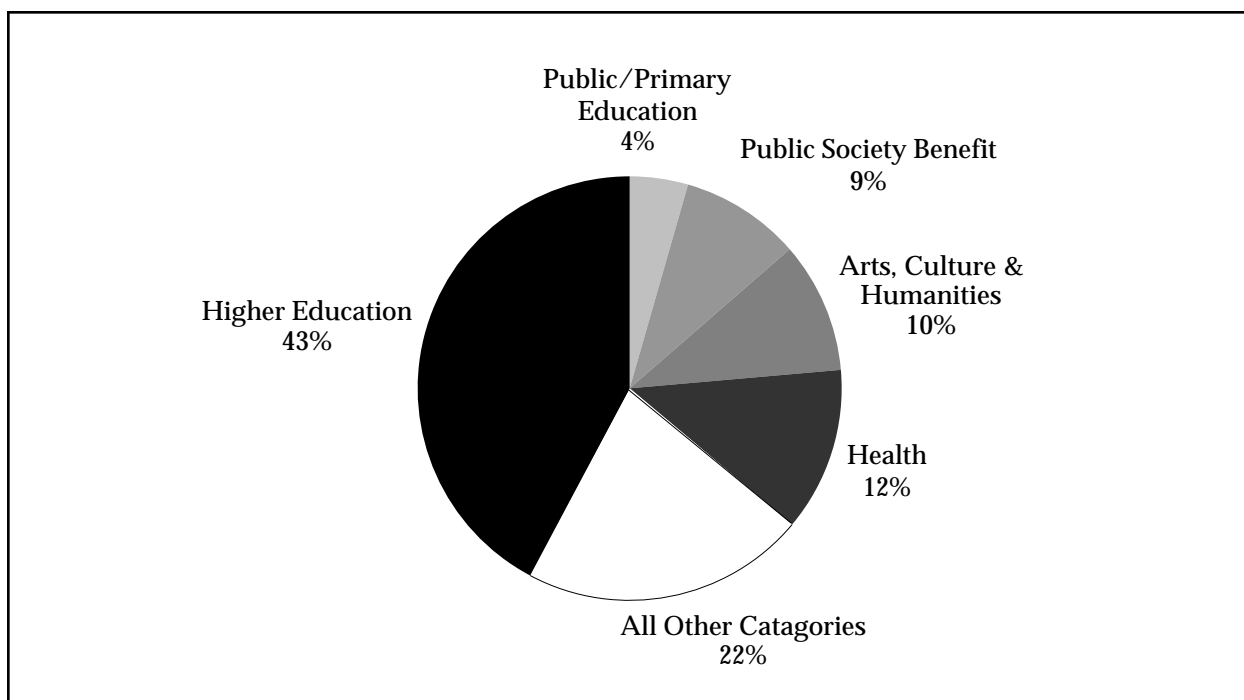
Higher educational institutions received far and away the highest number of gifts (367 general, 114 Jewish), representing 56% of all mega-gifts. There were 367 general gifts for a total of \$9.98 billion. Fifty-four percent of general gifts and 43% of general monies went to higher education (See Figure 1). Jews gave \$2.57 billion, or 61% of their gifts and 49% of their monies, to higher education (See Figure 2). Twenty-four percent of all gifts and 20% of monies to higher education came from Jews.

Within the category of higher education, however, support for various kinds of institutions was uneven, with the vast majority of dollars going to private institutions of higher education. Three hundred fourteen donations, representing 65% of gifts and 69% of monies (\$8.66 billion) to higher education,

went to private institutions of higher education. There were 233 gifts totalling \$6.84 billion compared to 81 Jewish gifts and \$1.8 billion, representing 71% of all their giving to higher education. A total of 30% of all general mega-dollars and 34% of Jewish mega-gift dollars were given to private institutions, making them the largest area of educational giving. Jews were particularly likely to make a mega-gift to a private university; 43% of their gifts went to private institutions.

Although giving to public higher education was lower, it was still significant. Together general and Jewish represented 167 gifts worth over \$3.89 billion, which constitutes 19% of all gifts and 13% of all monies. General giving represents 13%, or just under \$3.15 billion, to public institutions; Jews gave \$754.5 million, or 14%, of all their mega-dollars.

**Figure 1: Percent of all dollars to higher education versus other causes**



Within higher education, the largest share of mega-dollars went to medical/health. Medical/health received \$3.23 billion, which is 20% higher than that of the second largest category within higher education. Approximately 10% of general giving gifts and monies went to medical/health, compared to Jews, who gave approximately 15% of their gifts and monies to this category of higher educational mega-giving.

The third largest share of educational mega-giving went to support business. Combined, general and Jewish giving represents 69 gifts for approximately \$1.33 billion. This represents 8% of overall gifts and 4.5% overall monies, and adjusted for giving to higher education institutions, 14.3% of gifts and 10.6% of monies. Within higher education, business was the sixth largest giving sector among Jews. However, within private higher

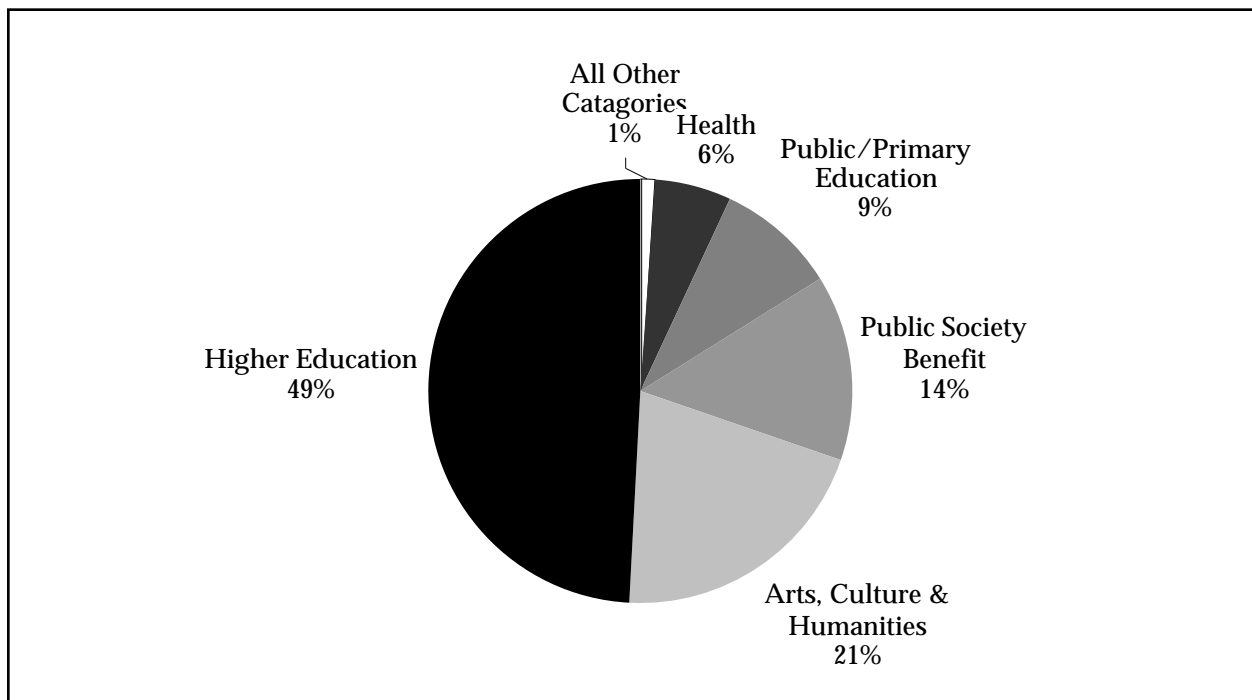
education only, business was fourth, with six gifts for \$106 million. Of overall gifts to business, only nine, totaling \$157 million, came from Jews. The largest of these was a \$36 million gift to Case Western University to construct the Weatherhead School of Management.

Engineering received the sixth largest share of all dollars, and the fourth largest share of Jewish dollars, given to higher education. Combined, general and Jewish represented 18 gifts for \$695 million. Jews alone gave six gifts for \$210 million. Four of these gifts, totaling \$165 million, went to public engineering, making this category the largest recipient of Jewish monies to public higher education (See Figures 3 & 4).

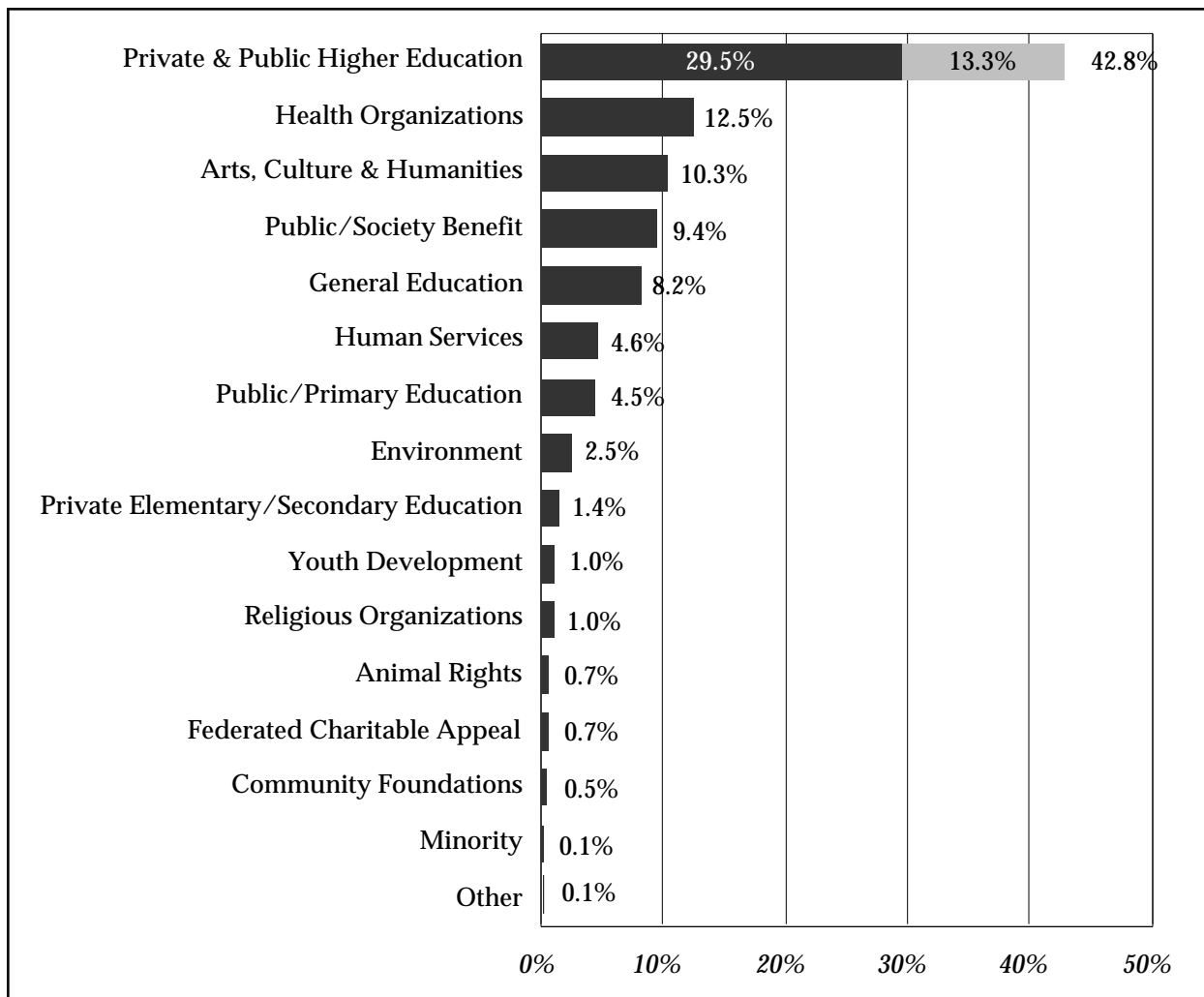
**General Education**

The category “General Education” captures

**Figure 2: Percent of Jewish dollars to higher education versus other causes**



**Figure 3: Percent of all dollars by cause**



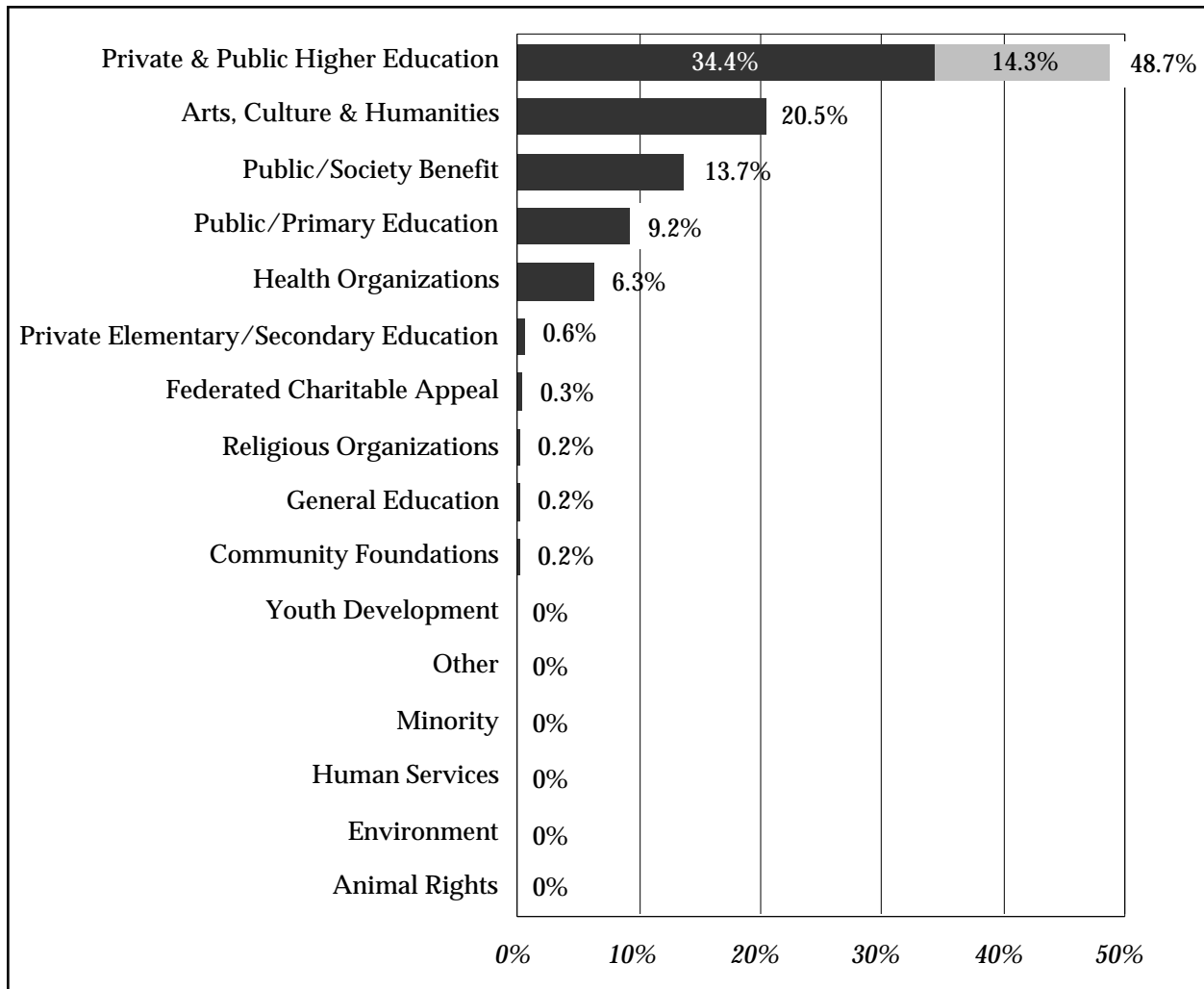
initiatives and projects which have an educational mandate. It differs from higher and primary education as general education donations are not linked to specific institutions, such as universities, high schools, or grade schools. In other words, general education captures much of the non-conventional and/or creative giving in the educational sector.

General education attracted strong support from non-Jews, but received almost no support from Jews. Non-Jews gave 25 gifts for

just under \$2.4 billion to general education, approximately 4% of all general gifts and 10% of general monies. Although seemingly small, 4% is substantial considering Jews gave less than 1% of their total monies (one \$10 million gift) to general education.

The disparity between non-Jews and Jews is partially explained by looking at the kind of giving in this category. General education giving often entails developing a program to support education in an area independent of a select institution or level of education. Gifts of this kind were delimited by geography or

**Figure 4: Percent of all Jewish dollars by cause**



area of interest, such as a \$10 million gift for scholarships in Minnesota or the \$150 million school reform initiative. The Lilly Endowment was extremely active in this sector, making nine gifts valued at over \$442 million. Alone the Endowment made 36% of all gifts and 18.5% of all monies contributed by general mega-givers to general education. However, even excluding the giving of the Lilly Endowment, non-Jews still dominated this category, making 94.1% of their gifts and 99.5% of monies. As a rule, Jews are less likely to participate if the giving requires cre-

ating an initiative or is somehow linked to a community instead of a university. Below we will examine other areas of giving were this trend is borne out, such as environment, community foundations and animal rights.

All but eight Jewish gifts, which total \$30 million, went to institutions of higher education, both in the United States and in Israel. Of the other non-higher education gifts, two went to Jewish high schools in the U.S. while the third went to a Jewish Community Center. Gifts to higher education went to rabbinical training, but also to programs in busi-

ness, sciences, and women's studies as well as endowments and construction projects, a very similar list to that of mega-gifts to secular universities by both non-Jews and Jews alike. One significant difference, however, is that these Jewish universities do not have the same enormous endowments with which many elite American universities operate. In many cases, particularly in Israel, these universities are just now beginning to develop their endowments through intensive fundraising. Technion-Israel Institute, which is thought of as "the MIT of Israel," for example, has an endowment of only \$169 million, while MIT itself, with an endowment of \$6 billion, has recently complained of being under-endowed.<sup>19</sup>

#### **Health Organizations**

Health organizations captured 86 gifts for approximately \$3.66 billion, 9.9% and 12.5% of overall gifts and monies, respectively. However, the disparity between general and Jewish giving to this category was immense. Of the total 86 gifts made, only 13 were from Jews. While this number represents 15.1% of all gifts, it constitutes only 8.8% of monies to this category. Total Jewish giving was only \$331 million, or 1.5% of overall gifts and 1.1% of overall monies.

The impact of Bill Gates, who gave over \$1.4 billion during the period of this study, in large part explains the disparity between general and Jewish giving. His giving for this category alone was nearly 5% of overall monies, representing over a third (38.9%) of all giving to this category. Even after adjusting the data for Gates' influence, non-Jews

gave slightly more. However, the difference, at least in terms of percent of dollars spent, was small. Without Bill Gates, general giving was over \$1.9 billion to health organizations or nearly 8% of their monies as compared to 6.3% of Jewish monies.

Large gifts were also made by Jews. Two gifts from the same donor for \$35 million to the Washington University Barnes Jewish Hospital Cancer Center make up 11% of all gifts to Jewish recipient organizations. As a gift intended to combat cancer, given to a hospital affiliated with a large university, there is little to distinguish this gift from many health-related gifts to secular institutions. No gifts were provided for health in Israel, for Jews in other parts of the world, or for Jewish immigrants to the United States.

#### **Arts, Culture and Humanities**

As a category of giving, Arts, Culture, and Humanities (hereafter arts) enjoyed strong support, especially among Jews. Combined, general and Jewish giving represented 93 gifts totaling just over \$3 billion to arts, representing 10.8% of overall gifts and 10.3% of overall monies. General giving was just over \$1.9 billion, only 10% of general giving and 8% general monies. Relative to their sample size, Jews directed significantly more to arts: 12.8% and 20.5% of all their gifts and monies, respectively. The disparity between the small number of gifts (24 of the total of 93 to this category) demonstrates a strong commitment of those who gave. Large gift size pushed the percentage upward. Viewed from the perspective of giving to arts alone, this disparity between general and Jewish giving

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19. *American Society for Technion Israel Institute of Technology*, Financial Statement as of 9/30/02 (March 2003).

is even greater. Jews made close to 36% of all mega-dollars to the arts. Adjusted to reflect relative size of Jews in the American population, this 36% indicates that Jews are giving at a rate 14.4 times their size.

The largest Jewish gift was a \$300 million bequest to the Metropolitan Museum of Modern Art. The second largest Jewish gift, \$50 million, went to the endowment of the Guggenheim Museum. A number of the gifts to museums were in the form of highly valued art collections. Notably absent were gifts in support of artist development and experimental art.

The only mega-gift to a Jewish arts and cultural institution was a \$40 million mega-gift to found a new Museum of Tolerance in Jerusalem. Gifts to arts organizations in Israel, like gifts to education there, centered more on developing fledgling institutions than their counterparts in the United States, although there was certainly no shortage of gifts to open new business schools and concert halls in the United States. Arts and cultural institutions in Israel are not nearly as abundant or well funded as in the U.S. Consequently, gifts to Israeli institutions have a far greater potential for meaningful impact in the community.

#### **Public Society Benefit**

It has often been said that the wealthy view their philanthropy not primarily as charity, i.e. helping the poor and disadvantaged, which they see as the responsibility of the government, but as support for institutions, organizations and causes that do not receive as much government attention. These institutions improve the “quality of life” in a com-

munity including museums and libraries. Total giving in this area reached a significant sum of over \$2.7 billion. General giving represented 35 gifts for just over \$2 billion, and Jews made 11 gifts for \$722 million. This represents just over 1% of overall gifts and almost 6% of Jewish gifts.

Among Jewish mega-givers, the Soros family (George, Paul and Daisy) dominated giving to public society benefit. Of the \$722.5 million given to public society benefit, which represents 14% of Jewish mega-gift dollars, \$645 million (89%) came from a Soros. Two of the gifts went to immigrant issues, \$50 million to fight discrimination against immigrants, and another \$50 million to assist immigrants seeking graduate education in America. More than anything else, these gifts reflect the empathy that they undoubtedly feel for new Americans, having themselves emigrated from Hungary, and thus appear not to be indicative of an interest among Jewish philanthropists in immigrant causes or in social service programs of any kind.

None of the other Jewish philanthropists gave a mega-gift specifically to aid the poor, minorities, or disadvantaged Jews, or for any social justice purposes, all of which are typical hallmarks of Jewish philanthropy. The absence of gifts to these causes is the clearest evidence that the interests of wealthy Jewish donors, at least when it comes to major gifts, are more in line with those of wealthy non-Jews than with those of other Jews. While examining only the largest gifts as opposed to the broader giving of these wealthy donors admittedly magnifies the disparities between their giving and that of other Jews, it is clear that the prevailing trend among

these all-important mega-gifts is not to uphold values commonly associated with Jewish philanthropy.

### Environment

While giving to the environment was a sizeable 2.5% of overall monies, its support came exclusively from general donors. Moreover, their interest was strong, at least as measured by the size of their gifts. The 22 gifts they made totaled more than \$720 million, making the average gift well over \$36 million. One donor dominated this sector with 14 gifts and almost \$478 million in giving, including the single largest gift of \$175 million to the Conserving California Landscape Foundation. All but one of these gifts were made to initiatives in Northern California, making them dual purpose in their nature.

In comparison, Jews made no mega-gifts to the environment. However, current political

conditions are likely to affect everyone's giving in this area, with interest keen among many Americans to reduce dependency on authoritarian governments for the supply of oil.<sup>20</sup>

### Federated Charitable Appeal

This sector of giving received only 8 gifts and \$198 million, or .9% of all gifts and .7% of all monies. Bill and Melinda Gates gave \$30 million to the United Way of King County.

### Minority

Only two gifts totaling \$35 million were made to minorities.<sup>21</sup> Both gifts were from general donors. Only .2% of mega-gifts and .1% of monies went to this sector. The Jewish community has traditionally been a large supporter of institutions and initiatives that benefit minorities. However, Jewish mega-givers do not seem to follow this pattern.

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20. President Bush's State of the Union address demonstrates a possible shift in interest. "In this century, the greatest environmental progress will come about not through endless lawsuits or command-and-control regulations, but through technology and innovation...I'm proposing \$1.2 billion in research funding so that America can lead the world in developing clean, hydrogen-powered automobiles. A single chemical reaction between hydrogen and oxygen generates energy, which can be used to power a car – producing only water, not exhaust fumes. With a new national commitment, our scientists and engineers will overcome obstacles to taking these cars from laboratory to showroom, so that the first car driven by a child born today could be powered by hydrogen, and pollution-free. Join me in this important innovation to make our air significantly cleaner, and our country much less dependent on foreign sources of energy." President George W. Bush, *State of the Union Address*, January 28, 2003 (source: [www.the.moderntribune.com](http://www.the.moderntribune.com)).

21. Our work does not explore the racial, ethnic, or gender dimensions of the mega-donors. For a discussion of diversity in philanthropy, see Janice Gow Pettey, ed., *Diversity in the Fund-Raising Profession*, Series: *New Directions for Philanthropic Fund Raising* (New York: Wiley Periodicals, 2002. No. 32, Winter 2001); Bradford Smith, Sylvia Shue, Jennifer Lisa Vest and Joseph Villarreal, *Philanthropy in Communities of Color* (Bloomington: Indiana University Press, 1999), p. 3. They note, "Not only has research on ethnic philanthropy failed to keep pace with the rapidly increasing size and importance of America's minority groups, but the cultural dimensions of philanthropic behavior within these ethnic communities remain virtually unexplored. All cultures construct reality differently; within each unique cultural community, beliefs and behaviors have meanings that are often not shared or understood by the outside world. Some cultural meanings are manifest and easily recognized; others are latent and subtle, requir-

### **Animal Rights**

Only one gift of \$200 million dollars was made to support animal rights by a general donor.

### **Human Services**

Human services has become an important sector of general mega-giving, with 11 gifts totaling \$1.33 billion. Some examples of giv-

ing to this sector are the Bill and Melinda Gates Foundation gift of \$40 million to house homeless people in Seattle and a gift of \$80 million to the Salvation Army of San Diego. General donors made large contributions, making the percent of monies (4.6%) much higher than the percent of gifts (1.3%). Jewish donors did not participate in this sector.

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ing systematic observation in order to produce accurate analysis. Thus, the cultural dimensions of gift-giving, financial assistance, sharing, and the distribution of income and wealth all have a variety of meanings from culture to culture." For a detailed discussion of minority giving in the religious context, see Phyllis A. Meiners and Greg A. Sanford, *Church Philanthropy for Native Americans and Other Minorities: A Guide to Multi-Cultural Funding from Religious Sources* (Kansas City, MO: CRC Publishing Co., 1995). Some evidence exists that minorities may be less likely to give. Christopher Jencks provides insight into the potential effects of these variables in philanthropy. Christopher Jencks, "Who Gives to What" *The Nonprofit Sector*, edited by Walter W. Powell (New Haven, CT: Yale University Press, 1987), p. 321. He notes, "The Federal Reserve Board survey found that with income and tax status controlled, whites gave 28% more than nonwhites in 1963, but because the survey covered relatively few nonwhites, this difference was not statistically significant." For a discussion of the role of gender in philanthropy, see Raquel H. Newman, *Perception of Factors Relating to Gender Differences in Philanthropy* (Dissertation, University of San Francisco, 1995).



## POLICY ISSUES

### Public-Private Partnership

A number of serious policy issues may be derived from an analysis of mega-gift patterns. First, we must remember that charitable giving and the establishment of foundations and endowments are an extension of fiscal policy.<sup>22</sup> Dollars that are tax-deductible are resources taken out of public sector decision-making and put in the hands of the non-profit sector, private and public foundations. There is both an implicit and explicit understanding that these dollars are designed to contribute to the public good and improve the quality of life in America. These services have been cited in explicit Federal policy directives that the private sector, including various non-profits, is to be a partner with the federal government in providing essential human services. These include, among others, healthcare, education, and public welfare.

Furthermore, federal statutes require private foundations to expend a minimum of 5% of their assets per year. This was intended to be a floor, not a ceiling. The growth of private foundation corpora and the unimaginably large endowments of some major universities indicate that dollars that should be circulat-

ing to support the public good seem to be banked in perpetuity. It is fair to ask if major donors are holding up their end of the bargain with the public sector. The mega-gift study shows that there is a transfer of dollars to a select number of institutions. Certainly, this represents a relatively small portion of all philanthropic dollars. Nevertheless, it raises a moral issue about public support for the huge volume of dollars now within the seemingly permanent control of a select number of institutions. In this sense, the public-private partnership may be failing. The explicit understanding that government cuts in human services, for example, would be partially balanced out by private sector and non-profit spending, does not seem to be coming to full fruition. Given the huge development staff of these elite institutions, it is certainly not a level playing field for the myriad of non-profits trying to obtain their share of philanthropic dollars, particularly larger gifts.

### Non-Profit Sector Staff

Following retail and wholesale trade, the non-profit sector is third largest sector of the economy as measured by its contribution to the gross domestic product.<sup>23</sup>

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22. Michael Porter and Mark R. Kramer, "Philanthropy's New Agenda: Creating Value," *Harvard Business Review* (1999): p.122.

23. For a discussion of the policy implications of the non-profit economy for other economic sectors, see Burton A. Weisbrod, *The Nonprofit Economy* (Cambridge, MA: Harvard University Press, 1991), p. 108. Weisbrod provides a detailed analysis of sources of revenue for non-profits and emphasizes the importance of revenues from sales, thereby underscoring the overlap between non-profit and for-profit entities. He writes, "Supporters of both the non-profits and the proprietary organizations agree that cut-backs in federal funding (beginning around 1980) have led an increasing number of non-profits to seek new revenue by engaging in profit-making activities; as a result, the two forms of institutions have come into growing conflict." This issue has raised the question of whether non-profits have an unfair competitive advantage, given that their returns need not meet the demands of the marketplace.

The single largest impediment to its growth lies not in the availability of funds, but in structures that assure their prudent allocation. Non-profit organizations often lack the human resources needed to accept and effectively manage sums greater than \$10 million.<sup>24</sup>

One of the paramount tasks of philanthropy needs to be training people with business skills and the requisite technical and/or academic backgrounds to facilitate large donations effectively. Top-tier business schools should be more aggressive in training people, as the field is too large to rely merely on the haphazard entry of one-time entrepreneurs. In the short term, it would be of enormous value to create institutions that provide better business training for non-profit initiatives.

### **New Wealth**

The economic development of the past thirty years has made scores of people extremely wealthy. The reasons for this explosion in individual wealth are complex, and the explanations controversial, but certainly they include the democratization of capital result-

ing from new forms of financing, largely favorable, prudent fiscal and monetary policies, a revolution in technology, and the interplay with democratic institutions.<sup>25</sup>

Progressive equity structures have also proven a highly effective way of motivating creative people to take ownership of their work and have made thousands of people multimillionaires. Companies from The Home Depot to Intel provide generous equity stakes to what they view as their most important asset — their associates. The relationship of someone who was born poor to his vast wealth is arguably different than that of someone who has inherited his fortune.<sup>26</sup> We predict that this former group of people will give in proportions unheard of in the past. Unless the philanthropists of the present actively develop new structures to accommodate this influx, this money will languish in private foundations. While the emergence of “venture philanthropy” may be overstated, these donors, highly motivated, successful business people, often want to be directly involved with the institutions that they fund and want to invest in institutions that produce demonstrable results.

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24. Large consulting firms are entering this market. But their success is questionable, as their model presupposes a willingness of non-profits and their donors to support their large, often excessive fees. Moreover, non-profits cannot afford the luxury of paying an outside consultant to shield them from the “backlash” of implementing needed change, thereby protecting the “decision maker” from bearing the full risk of his action. Lastly, consultants are often hired because executives believe “but for circumstance” these consultants could be a star executive of their company. The prevailing feeling among mega-donors, often self-made, and nonprofit professionals is more often than not one of skepticism, particularly given the fees involved. For these reasons, it is unlikely that non-profits will look to the world of large consultancies to provide the service that they indeed need.

25. For a critical description of the interplay of wealth and democracy, see Kevin Phillips, *Wealth and Democracy: A Political History of the American Rich* (New York: Broadway Books, 2002).

26. Thomas Stanley, *The Millionaire Next Door: The Surprising Secrets of America's Wealthy* (Pocket Books, 1996); and Thomas Stanley, *The Millionaire Mind* (Andrews McMeel Publishing, 2000). He demonstrates that the accumulation of wealth is clearly linked to traditional values such as living modestly and working hard. Consumerism and the conspicuous consumption of goods, mainly to impress one's peers, appears antithetical to acquiring wealth. These values may or may not be shared by those who are born wealthy.

### **Measuring Philanthropic Success**

Increasingly, entrepreneurs want organizations that they support to reflect their understanding of how an effective structure should work. Much has been made of the difference between non-profit work and investment. Some obvious differences exist, the most important of which is clarity. Financial decisions can ultimately be measured neatly in terms of their outcome. The annual return on investment meets the targets or it does not. Allocations decisions must be made frequently to adjust for risk so that the level of risk and the level of return remain in accordance with goals. Nevertheless, in the long term, performance can be measured against the standards created at the outset.

In the non-profit world, it is difficult to quantify success as neatly. Nevertheless, goals can and must be articulated and strategies constantly adjusted to meet these goals. Given that success is not quantifiable in terms of dollars, goals need to be extremely narrow and short-term. A typical endowment will align risk and return and set long-term goals based upon this determination. Non-profits need to clearly articulate their plans annually and how they will measure success. In the process, they will need to re-evaluate these goals in terms of what they are finding in the field. In this manner, the goals of the non-profit entity become somewhat quantifiable. It should also be noted that serious investors worry a great deal about their positioning vis-à-vis their goals and about reallocation. These criteria are, in the short term, as important as their current return on investment. Ultimately, they will be evaluated based on this return, but in the short term, these more nebulous criteria play an important role.

### **Risk Aversion**

One aspect of the difference between capital markets, for example, and non-profit institutions, is the depth and diversity of institutions that are viewed as legitimate vehicles for investment. Investors who have determined the level of risk to which they are willing to be exposed and the returns they desire are confronted with a plethora of options. Alternatively, non-profit institutions offer comparatively narrow selections. Likewise, although prestige is often cited as the primary explanation for the overwhelming number of mega-donations to elite institutions, we believe that risk aversion plays a much greater role than is commonly recognized. A gift to Harvard or the symphony exposes the investor to minimal risk. The prestige is high, and there is a tangible benefit to society. The decision to give to large, highly endowed institutions is sensible if we discount the meaning of its effect and highlight risk and prestige as determinate variables. Recent criticism of giving to endowments has been intense and, as a result, the prestige of such gifts is likely, over time, to decline. Critics will not stem this kind of giving because they do not adequately address the issue of risk and the associated, but distinct, issue of trust. Risk and trust are important, often-determinative issues in nearly every financial transaction. It is fair to assume that they should remain at least as important while investing in projects whose success and failure cannot be as easily measured as in other areas.

Part of the attraction of large, prestigious institutions is they allow mega-givers to

believe they are being risk-averse.<sup>27</sup> Studies have indicated that many major donors who have been remarkably successful entrepreneurs, innovators and risk-takers do not translate this mentality to their philanthropy. Indeed, many of the wealthiest donors are quite risk-averse. They believe that they have worked long and hard for much of their life to accumulate their wealth, and they are vigilant in assuring that their contributions are being used in the best way possible. The largest, most prestigious institutions seem to offer a safe harbor for mega-donors. The donor is assured that the dollars will not be wasted, and these major institutions also offer unequaled status as high level business people, intellectuals, and community leaders associate themselves with institutions of higher learning.

Non-profits must minimize risk and develop trust with donors. Moreover, they must accept that they will be held to higher standard than for-profit entities. These are separate but intertwined tasks. Non-profits must adopt standard accounting practices. Under no circumstance should they vary from the norm regarding such practices. Non-profit structures inherently bode a level of risk which makes the potential philanthropist uneasy. Organizations that increase this risk do so at their own peril.

### **Building Trust**

The role of trust in making financial decisions of any kind is important. The institutions which garner a disproportionate share of mega-gifts likely have long relationships with their donors. In many cases, these rela-

tionships are intergenerational. Indeed, some number of gifts to prestigious universities can be viewed as an investment in an intergenerational relationship as they facilitate admission. Over time, the leaders of these institutions develop and cultivate meaningful relationships with their donors. Knowing and trusting the people who lead the institutions one supports is extremely important. Few, if any, smaller non-profits have such a history of relationship-building with their potential donors. They must rely on encounters with potential funders that are much more like a sales pitch than a partnership. People who experience a steady onslaught of fundraisers are understandably taken aback by yet another request. In contrast, leaders of privileged universities, for example, are engaged in an ongoing conversation about the well-being of an institution both parties hold dear.

It is particularly important to encourage mega-donors to commit their time, energy and insights — and not just their dollars — to the initiatives they support. Skills honed in the private sector are no less valuable in the non-profit world. Moreover, wealthy donors are more able to expand the fundraising base of a non-profit as they can act from a position of strength, in some cases offering to match funds of others. In any case, they can prevent a non-profit from being forced to employ fundraising techniques that will undermine its long-term credibility. Additionally, non-profits, much like private banks, should target people with sizable networks to enter the world of philanthropy.

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27. For discussion of difficulties in quantifying progress in non-profit sectors, see Robert L. Payton, *Philanthropy: Voluntary Action for the Public Good* (MacMillan Publishing, 1988), pp. 231-260.

### **Philanthropic Training**

One of the more difficult tasks in developing greater levels of philanthropic giving is training the mega-wealthy. These donors often have little or no experience in making philanthropic donations. Moreover, they often do not know how to begin developing their own giving agenda.

Training people who are leaders in their industry and have a net worth of over a billion dollars presents some difficult problems. This clientele will not accept being lectured to by professionals. They often view their experience and success as indicative of an ability to analyze any problem far better than a professional working for a salary. For this reason, a group of super-wealthy philanthropists is unlikely to convene to be taught how to donate their money.

### **Peer Groups**

Peer groups of wealthy people can circumvent these structural teaching problems. While this clientele resists being lectured to by professionals, it enjoys and is open to learning from peers, who, with the help of an expert, focus their discussions. Here the model is one of introducing information and allowing the members of the group to teach one another. Participants often become interested in developing their own project around a particular issue that arises, thereby creating non-profit structures capable of attracting mega-gifts (the two elements of trust and risk are addressed in this manner). These kinds of groups need to be open to

critical thought and free of direct fundraising or a preset agenda. They should be formed by people with the requisite social skills and should exclude people with destructive personalities, regardless of their wealth.

### **Negative Consequences of Micro Philanthropy**

Individual giving, even with large sums of money, reflects the discrete and particular agenda of the giver. While more dynamic than a collective effort, individual decision-making can leave whole areas untouched. Individual donors sometimes cover the same ground, albeit perhaps from a different philosophical perspective, resulting in over-support of some areas and neglect of others. Jeffrey R. Solomon observes that mega-giving may result in a disjointed approach to how important issues in society are addressed: "...As private philanthropy becomes an increasingly powerful force, it must act less like a group of competing candy stores, whether fulfilling the sweet tooth of the benefactors or of favored grantees. Instead, envision a philanthropic landscape where donors, small and large, share information and learning, resources and insights, where challenges are undertaken on a systemic basis, where philanthropic partnerships are the norm and synergy among beneficiaries is the expectation. Serious funders must take the lead in creating an environment of serious reflection, recognizing that the inherent power of the accumulated wealth of the field...suggests a range of questions for consideration..."<sup>28</sup> Efforts to organize mega-givers would add needed depth to the financial and human capital of non-profit initiatives.

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28. Jeffrey R. Solomon, "Foreword," *Influence and Responsibility: Jewish Reflections on Community, Accountability, and Philanthropy* (New York: Jewish Funders Network), p. 3.

### **Developing Initiatives**

The number of mega-gifts may grow as philanthropists increasingly develop their own initiatives.<sup>29</sup> In the future, mega-gifts will require a number of these kinds of projects. Creating a new project allows the donor to hire the best professionals and to develop an agenda independent of conventional thought or bureaucracies. One of the benefits is a smaller infrastructure. Beginning a project from scratch can energize a whole area of giving and enlighten others to the possibilities of making a difference in a given area.

### **Leveling the Playing Field**

Tax laws should perhaps differentiate between institutions, such as large private universities, whose endowments are structured to grow infinitely, and projects which spend directly on the most needy. Perhaps both kinds of institutions should benefit from the tax code. Providing both with the same tax incentives seems, however, questionable. Given the potential role of philanthropy in supporting causes that are experimental and need to demonstrate their feasibility so that larger scale projects can be developed, it is imperative that mega-givers be encouraged to turn their attention toward less known, less prestige-based projects.

Tax law must examine more closely the role of universities in the marketing, licensing and commercial exploitation of their intellec-

tual property. Not all tax-exempt institutions are created equal. It is not unreasonable to say that, above all else, some institutions already have enough money, or at least that their combined assets and investment income is great enough that they do not need the tens of millions of dollars that wealthy philanthropists bestow on them each year. Giving money to such institutions undermines the fundamental logic behind philanthropy that those who have will help those who have not, compensating, at least in some small part, for the staggering imbalance of wealth in our country.

Increasingly, universities seek to maximize the commercial value of their intellectual property. Where the exploitation of a copyright conflicts with helping the world's neediest, the non-profit status granted to a university should not be forgotten. Companies understandably seek to protect their investments because they are in business to maximize their profits. A non-profit entity whose existence is largely the result of beneficial tax laws cannot simply argue that strict enforcement of its copyrights is an extension of its research mandate. Non-profits must be willing to enter into arbitration regarding their intellectual property when it clearly benefits the needy, sacrificing profit when needed. Medications for AIDS patients in Africa are an example. Universities in the future will increasingly confront this problem, as the

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29. There is a need for services to assist in refining and implementing the donors' agenda of other non-profits, thereby increasing their ability to attract sizable donations. Similarly, such services could provide the infrastructural backbone to philanthropists that have determined the area which they would like to fund but lack the time and/or expertise to evaluate differing approaches. Their independence is essential, as the corrupting power of access to people with billions of dollars should not be underestimated. Such service providers must be in a position to provide sometimes unwanted advice to extremely wealthy people without jeopardizing their existence. Ironically, these kinds of donors will only seek out and trust people whose integrity is unshakable in the face of their wealth and power.

cost of their patented biotechnology is prohibitive for the needy in underdeveloped countries.

#### **Why Do Mega-Givers Choose Universities?**

What are the rationales for major donors giving most of their mega-gifts to colleges and universities, and most of the others to health-related causes?<sup>30</sup> First, large institutions are viewed as the most prestigious. Donors know the money will not disappear, and it is not likely to be mishandled. Second, most gifts to universities and other large, prestigious institutions go for specific purposes — an endowed chair, the creation of a new department, building a cancer center, and so on. Therefore, even though the institutions may be quite large, the donors may find a more specific, manageable piece of the institution that they may fund. Indeed, universities are quite adept in segmenting the institution into fundable components, offering greater specificity than large bureaucracies.

Third, most non-profits with lesser reputations have seemingly less stringent fiscal management, and their long-term future may not be as secure. The investment in smaller non-profits may seem more risky to many

major donors. Fourth, relatively few non-profits are able to break through the professional gatekeepers of foundations to make the philanthropist aware of most non-profits. Fifth, a gift of \$10 million or more could actually overwhelm many non-profits.

Individuals choose larger established institutions to give mega-gifts in the absence of knowledge of other possible places to give. Sixth, the efficiency and size of the fundraising and development mechanisms at larger institutions can be staggering. Most non-profits do not even have a development person; they are struggling just provide services on a daily basis. They simply cannot compete with large elite institutions.

One should not diminish the positive reasons that people may choose to give to Harvard or Yale. These institutions do represent excellence and provide important functions in the educational landscape. Furthermore, some number of these institutions have served the philanthropist personally in either his undergraduate or graduate years. The individual may feel that he is giving something back to that organization. But the reach of these institutions is far beyond educational loyalty. Their enormous prestige attracts individuals looking for a place to make a large donation

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30. For a discussion of how giving to higher education is unevenly divided, with elite institutions receiving significantly more than their less elite counterparts, see Michael Rothschild, "Philanthropy and American Higher Education," *Philanthropy and the Nonprofit Sector in a Changing America* by Charles T. Clotfelter and Thomas Ehrlich (Bloomington: Indiana University Press, 1999), p. 413. He notes that "...The most important facts about philanthropic contributions to higher education are these: Higher education is a significant recipient of charity, getting almost 10 percent of total philanthropic gifts. Gifts and grants themselves pay for slightly over 6 percent of the educational expenses of higher education; endowment earnings, the residue of past gifts, provide another 2.3 percent. Gifts and grants to higher education are distributed quite unequally among colleges and universities. Private institutions enroll less than a quarter of the students but get more than half the gifts. Gifts are concentrated among research universities and private liberal arts colleges. Elite schools like Harvard, Princeton, Stanford, and Berkeley receive a disproportionate share of gifts and grants. Endowments are even more unequally distributed. In 1995, five institutions held 20 percent of higher education endowments. They enrolled less than 1 percent of the students."

regardless of their personal history with the institution. To be on the board of Harvard or Princeton brings an individual into a network of ideas, position and power rarely found in most segments of society, and certainly not one to be found in the vast majority of non-profits. While most individuals may not be consciously seeking such status, it nevertheless may prove to be a very strong magnet for many donors.

These universities, such as Harvard, Stanford and Yale, structure their endowments so that they are perpetual life funds, meaning they spend only a fraction of their return on investment to meet the needs of the university. Moreover, their size and prestige has allowed them to attract some of the world's most successful money managers.

#### **University Endowments**

Endowments have structural advantages that are not obvious but equally important. Elite universities are not dependent on their endowments to meet their daily expenses. Large portions of the endowment can there-

fore be invested in illiquid assets, which have traditionally provided much higher returns. David Swensen has outlined how he masterfully guided Yale's endowment to astonishing returns on investment.<sup>31</sup> While his assessment of risk as a critical factor in evaluating and determining investment strategies has become legendary, some aspects of his strategy can, in light of the non-profit status of universities, be viewed critically: namely, why should an entity with structural investment advantages keep its non-profit status in perpetuity? Swensen argues that endowments designed to exist in perpetuity are the cornerstone of quality elite education. While the existence of a strong endowment clearly has a stabilizing effect on universities, it is not clear that taxpayers should bear the burden.

Structural advantages make the tax write-offs which donors receive for their gifts seem all the more questionable. Large universities are in a particularly advantageous position to invest. Why should the government transfer its potential revenue away from people in need and toward institutions that are capable

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31. The economist Jim Tobin played an enormous role in developing the science of managing a large endowment for an educational institution. See Charles D. Ellis "Foreword," David F. Swensen, *Pioneering Portfolio Management: An Unconventional Approach to Institutional Investment* (New York: The Free Press, 2000), p. xii. He writes, "Jim Tobin made [an] enormously important contribution to Yale's very successful endowment management. [He] led a team that designed the smoothing, inflation-responsive spending rule that would link the endowment fund with the university's annual budget and a rational, continuously adaptive process that works—and is being increasingly adopted by others. Yale's endowment currently provides 20 percent of the University's annual budget." He goes on to note, "Yale's endowment was just over \$1 billion when David Swensen arrived in 1985; it's over \$7 billion now. During the intervening 15 years — within a rigorous, risk-controlled portfolio structure that has very little in bonds, relies almost entirely on outside managers and, during the longest and strongest bull stock market in American history, has been quite deliberately and substantially underinvested in publicly-traded U.S. equities — David Swensen and his team have achieved an annualized rate of return for Yale's endowment superior to 96 percent of endowments, and 98 percent of such institutional funds as pensions." David Swensen recognized that one of the structural advantages of large university endowments is their relative independence from liquidity. He leveraged this independence, avoiding such liquid assets as publicly-traded equities and many forms of bonds, and instead opted to engage private equity managers.

of providing for their own financial needs? Endowments from large, elite universities have increasingly become the subject of scorn. Johanna Berkman wrote in *The New York Times Magazine* on June 24, 2001, “[Harvard’s] endowment...has climbed in recent months to as much as \$19 billion — a sum greater than the physical assets of McDonald’s, The GDP of Ecuador, the net worth of all but five of the Forbes Four Hundred or, according to the *Boston Globe*, the endowment of every non-profit institution in the world after the Roman Catholic Church.”<sup>32</sup> The top ten endowed universities have over \$78 billion or more than the GDP of the 75 poorest nations combined. Only 42 of the world’s 200 plus countries have GDPs larger than the endowments of these 10 schools. Chile, Pakistan the Czech Republic and New Zealand, for example, fall below this mark.<sup>33</sup>

Given the current criticism of donations to the already oversized endowments of elite universities, we would like explicitly to differentiate between sufficiently endowed and insufficiently endowed universities. Providing funds for educational institutions has not become questionable simply because current fundraising efforts are arguably skewed in favor of institutions that lack need. Indeed it is important to recognize the crucial

role of an endowment for an educational institution. Endowments allow educational institutions to maintain their academic independence and integrity. Without these, the long-term prospects of an educational institution are dim. Identifying institutions which provide students with a quality education and are in need of endowment funds is perhaps a more meaningful way to support education. These considerations are particularly important for the Jewish community, and perhaps minority communities as a whole. Israel’s elite universities are stellar and arguably under-endowed.

At what point is a university over-endowed? This question has not been addressed properly. We see it as linked to the question of whether all universities currently in existence inherently deserve indefinite support. In other words, if one begins from the assumption that there are too many universities, then the burden placed on an endowment shifts. An endowment should protect an institution from sudden unexpected revenue loss. Every business needs a plan for a rainy day. However, an endowment should not remove a university from the need to justify its long-term mandate. Traditionally, endowments have seen this as their goal. Successful nonprofits will, in the long term, be able to meet their financial needs through continued

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32. Endowments have in fact decreased as a result of changing economic conditions, although they are still quite large. See John L. Pulley, “Another Downer of a Year for College Endowments,” *The Chronicle of Higher Education*, Jan 24, 2003, p. A23. Smaller endowments have been hit much harder. The average decline of all endowments was 6 percent as compared to the S&P 500 loss of 18 percent. Larger endowments, those having more than \$1 billion in assets, lost just 3.8 percent. Furthermore, contributions to universities also declined from 2000-2003. Stephanie Strom, “After Years of Cash Flow, Universities Hit an Ebb,” *New York Times*, March 13, 2003, p. A23.

33. See National Association of College and University Business Officers (NACUBO), Press release, January 17, 2002. “College environments beat S & P 500 and Russell 3000 in weak U.S. economy. See WorldBank.org. World development Indicators Database, World Bank, August 2002. Note that the world bank refers to GDP as GNI.

fundraising. Unsuccessful non-profits will disappear. Encouraging a policy of perpetual endowment shields institutions from their own failure. Public monies should support non-profits, not institutionalize them. Given the numbers of educational institutions in America, this policy is no longer defensible.

#### **Endowments as Measures of Quality**

Unfortunately, the accumulation of money has become a perverted measure of quality. For example, the annual report in *U.S. News & World Report*, “Assessment of Colleges and Universities,” uses the size of the endowment

as a key criteria for assessing the quality and rank of colleges and universities.<sup>34</sup> The logic is understandable: those institutions with more resources may be able to provide a better education. However, such an assumption is not necessarily true at all. Such assessments indicate that we are more comfortable in analyzing how much money these institutions have, rather than the actual quality of their teaching or research. It further demonstrates the obsession we have with accumulation — no amount of money is ever enough.<sup>35</sup>

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34. *op. cit.*, p.21. David Swenson’s argument that the size of a university’s endowment is directly correlated to its status seems irrefutable. Swenson provides a highly instructive analysis of the per-student value of the average endowment of the top schools in the country. Harvard, Princeton, and Yale have an average endowment per student of over \$500,000, whereas the first quartile institutions have an endowment per student of just over \$300,000. Swenson writes, “Student charges provide the complement to investment income. As institutional quality increases, budgetary dependence on student charges decreases. Top-quartile institutions rely on student income for 15 percent of revenues, while bottom-quartile universities obtain 31 percent of revenues from such charges, a spread of 16 percent. Interestingly, that spread nearly matches the 13 percent gap between investment income support for top- and bottom-quartile universities.”

35. There is some belief that endowments may even engender waste, especially when they are separately controlled or administered within a University structure. Greg Winter and Sara Rimer, “Alumni Pressure to Put Reins on Spending,” *The New York Times*, February 25, 2003, p. A14.

## CONCLUSION

The data presented in this study provide a unique look at the highest end philanthropy. Further research will allow us to expand upon the results presented here. In particular, qualitative data, which we are in the process of assembling, is of critical importance. We need to know more about the motives, beliefs, and attitudes of mega-givers. What are the intellectual and emotional forces guiding these decisions? What are the institutional and organizational supports and constraints?

To summarize the data, strong trends are observable among our data, for both general and Jewish giving. In many cases, general giving and Jewish giving is analogous. In others, a divergence is noticeable. Private higher education is the single largest recipient from both general and Jewish donors. General giving totalled 233 gifts for over \$6.8 billion, and Jews made 81 gifts for over \$1.8 billion. The second most popular sector for general giving differed from that of Jews—namely, health, for which general giving gave \$3.33 billion. Arts and culture was the second most popular sector for Jewish gifts, receiving \$1.08 billion and 24 gifts, whereas it was only the sixth most popular area of general giving. The third most popular area of general and Jewish giving was public higher education, receiving \$3.146 billion from general giving and \$755 million from Jewish giving.

The data shows that minimal risk-taking in mega-giving reigns in practice, even if mega-givers often preach “thinking outside the box.” Indeed, conservative giving habits are particularly pronounced among Jews, who gave no gifts to the environment, human services, minorities, animal rights, or youth development and made only a single gift to federated appeals, community foundations, and general education.

General giving was more diverse. Human services received 11 gifts, totaling more than \$1.3 billion; the environment received 22 gifts, or over \$720 million; youth development received 13 gifts for over \$304 million; religion, 13 gifts for over \$268 million; animal rights, 1 gift, \$200 million; and federated appeals, 7 gifts, \$182 million. Giving to minorities was almost non-existent.

One explanation for the giving patterns of the mega-wealthy may be that their surplus income shifts their emphasis from “dues based” giving, that is, based on obligations to religious or other cultural institutions, to a distribution of surplus. Our data does not measure small shifts made by mega-givers. Major donors may be saving their “dues” giving for smaller donations and expanding in other areas with their surplus.<sup>36</sup>

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36. *op. cit.* Jencks, pp. 323, 325. “The relationship between income and philanthropic effort...appears to be U-shaped, with the rich and the poor making more effort than those in the middle.” Jencks divides philanthropy into two categories, which he calls “paying your dues” and “giving all your surplus.” For example, “paying your dues” is the kind of giving that involves donations to local churches and/or

Overall, Jewish giving varies greatly from the giving patterns of most Americans. However, as the sums become larger, giving habits become more similar. We may conclude that Jewish givers are becoming more like their non-Jewish counterparts over time, and that this tendency has begun at the highest levels first. Jews made only one mega-gifts for explicitly religious purposes such as synagogues or religious movements, although gifts did go to institutions offering rabbinical training. The federation system's annual campaign has not grown significantly for a long time.<sup>37</sup> General mega-givers, in comparison, gave thirteen gifts totaling over \$268.4 million (1% of their mega-gifts) to religion. Even if the number of mega-gifts to Jewish institutions of any kind were to grow substantially, the vast majority of Jewish monies would go to secular institutions.

While a disproportionately high number of Jews and Jewish foundations make mega-

gifts each year, it is readily apparent that Jewish institutions and causes are not the beneficiaries of the vast majority of these gifts.<sup>38</sup> There has already been much speculation as to why wealthy Jews so often overlook the Jewish community when making their largest gifts, a phenomenon that is especially surprising considering that overall giving to Jewish organizations has been increasing for the last ten years.<sup>39</sup>

Mega-gifts are a critical component of general American philanthropy and Jewish philanthropy specifically. This initial study, which will be updated on a regular basis, contains as many questions as answers. The examination of mega-gifts raises structural, moral, and public policy issues. The research is designed to encourage discussion and debate about this important realm of philanthropy.

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other organizations, which have a tithing effect. "Giving all your surplus" refers to giving only money, which exceeds expenses. He notes, "Church members seem to compromise these conflicting conceptions of their obligations by giving more as their income rises, but not giving proportionately more. As a result, the proportion of income allocated to churches declines sharply as income rises." Our data found mega-givers give only a tiny portion of their overall giving to religious activities, in stark comparison to broader giving. Jencks' explanation seems to apply to our data as well.

37. The United Jewish Appeal reached its annual campaign peak in 1946. "[It] raised over \$100 million from American Jews, 'in a campaign since legendary for its intimations of Jewish wealth.'" (*op. cit.* Odendahl, p. 143). The \$100 million that the Jewish community raised in 1946 has a current inflation adjusted value of \$923 million. A more accurate way to calculate this number, however, would be to account for the increase in capital markets and adjust this figure according to their spectacular growth, leading to a number several times larger than the almost billion mark reached by a mere adjustment to account for inflation.

38. Gary Tobin, Michael Austin, Meryle Weinstein and Susan Austin, *Jewish Foundations: A Needs Assessment Study* (San Francisco: Institute for Jewish & Community Research, 1999), p. 16. Tobin noted that "...an increasing number of Jewish foundations are allocating 50% or more of their annual grant-making to non-Jewish causes." Our data confirm the trend noticed by Tobin that Jews are increasingly giving a large portion of their gifts to non-Jewish causes. In fact, mega-donors give overwhelmingly to non-Jewish causes.

39. *op. cit.* Tobin, *The Transition of Communal Values in Jewish Philanthropy*.

**APPENDIX A**

**JEWISH MEGA-GIFTS: 1995-2000**

**APPENDIX A 1-12**

**APPENDIX B**

**GENERAL MEGA-GIFTS: 1995-2000**

**APPENDIX B 1-43**