

REFLECTIONS ON ENDOWMENT BUILDING IN THE AFRICAN- AMERICAN COMMUNITY

By Mary-Frances Winters

Mary-Frances Winters is president and founder of the Winters Group, Inc., a Rochester-based consulting firm with a national client roster. The Winters Group specializes in research, strategic planning, training and public speaking with emphasis in ethnic and multicultural issues. Prior to founding the Winters Group in 1984, Ms. Winters was affirmative action officer and senior market analyst at Eastman Kodak Company, where she worked for 11 years. Ms. Winters is a graduate of the University of Rochester, where she also earned a master's degree in business administration. She received an honorary doctorate from Roberts Wesleyan College in 1997. Ms. Winters serves on the board of trustees of the University of Rochester and other boards and has served on the boards of the Rochester Area Foundation, United Way and the national board of directors of Girl Scouts of the USA, among others.

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EXECUTIVE SUMMARY

Perhaps for their very survival, African Americans have been compelled to share and give back from the moment they arrived on the shores of this country. When they have money to give, they give; when there was no money to give, a generous heart, a strong back or a keen mind were offered freely. As a value, “giving back” is firmly rooted in black history

Today, armed with growing capacity, the descendants of slaves now generate philanthropy that benefits the many families who continue to struggle economically, just as their forefathers and mothers before them. Within the African-American community, philanthropy is just as much about time and other voluntary action as it is about money. Many black donors would not, in fact, describe their behavior as philanthropic, and some are uncomfortable with the term. Development officers and board members both report that their educational efforts begin with defining the word philanthropy.

Yet, how philanthropy is defined and conducted within the African-American community is in transition. African-American communities are moving from a survival model to one of community self-sufficiency and economic empowerment. Black philanthropy has gained much momentum in the past decade alone. Black celebrities and sports figures have gained wide notice for their generosity. In addition to individuals, black organizations such as churches and fraternal organizations are beginning to examine more sophisticated investment strategies, which are also tied to philanthropic enterprises. Individuals are moving from unstructured, unplanned patterns of giving to a more deliberate thought process. Organizations are moving from a survival mentality to one looking to long-term sustenance.

The idea of endowment is still new and in some ways inconsistent with historical patterns and preferences of giving. The roots for funding operations and current needs run deep. Many African-American donors want immediate feedback on how their donations are used.

Three categories of givers emerge from the research:

- Celebrities, who are very deliberate and specific in their charitable impulses and do not seem to seek direction in their giving;
 - High-income African Americans, many with their own earned first-generation wealth, who appear to be prime candidates for targeted efforts to increased understanding of philanthropic options; and
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- Lower income blacks, who give disproportionately of their income to charity and who would benefit by gaining more knowledge about institutional philanthropy.

Three categories of organizations also provide points of entry for philanthropy:

- Established, traditional African-American organizations, which are the churches, service and fraternal, nonprofits and colleges and universities, of which a great many exist;
- Private and family foundations, which are few in number in the black community; and
- Black United Funds, which are repositioning themselves as a consortium of community funds.

SUMMARY OF RECOMMENDATIONS

Advancing philanthropy in the Africa-American community could be addressed on several fronts simultaneously:

- Build capacity of nonprofit organizations to develop endowments;
- Provide broad-based educational initiatives, perhaps starting in black churches, on philanthropy and endowment-building;
- Use traditional, well-established organizations to develop comprehensive, visible educational programs on philanthropy;
- Develop a wide-net promotional campaign that covers the elements of philanthropy;
- Support training and education for fund development specialists;
- Develop a comprehensive database of affluent African Americans for use by nonprofits;
- Select several large African-American organizations, such as the NAACP, Urban League or United Negro College Fund, to partner in a matching grant program for endowment;
- Focus efforts toward historically black colleges; and
- Respect the importance of time—of life stages—and consider that the leap to endowment may be premature for some individuals and organizations.

Among middle-class blacks, much overlap exists among the organizations with which they interface: their church, fraternity or sorority, or alma mater. Launching efforts in several of these areas will produce a consistent, repetitive message about philanthropy and endowment, a message that could begin to change long-held assumptions and ideologies about institutional philanthropy. Past traditions of giving must be honored and respected, but new models to leverage and optimize the philanthropic interests of African Americans must also be supported.

REFLECTIONS ON ENDOWMENT BUILDING IN THE AFRICAN- AMERICAN COMMUNITY

African Americans have a rich tradition of philanthropy¹ that dates back to the colonial days of this nation's history. First, it was the newly established black churches that brought social services and education to needy members of the African-American community. Then it was the fraternal and mutual aid organizations, such as the Fraternal Order of Prince Hall Masons (established in 1775) and the African Union Society (established in 1781), that worked in close association with black churches to provide an array of services for the sick and indigent, as well as widows and children.² By the early 1800s, several hundred mutual aid organizations had been established and were providing charitable assistance within the black community.

Throughout the nineteenth century, the church continued to be the bedrock of the African-American community, both in terms of spiritual support and economic, political and social uplift. Founded in 1816 and 1820, respectively, the African-American Episcopal Church and the African-American Episcopal Zion Church were among the earliest black denominations.

Historically, black philanthropy has been a survival mechanism through which African-American people have directed their money, time and goods to lift up and advance the myriad interests of African-American people. Today, African-American philanthropy is shifting toward economic and social empowerment.—Dr. Emmett Carson, CEO, Minneapolis Foundation

African-American educational institutions began to emerge in the mid-1800s. Tuskegee and Bethune Cookman were among the earliest. From 1800 and 1900 the African-American Methodist Episcopal (A.M.E.) Church allocated more than \$1 million to maintain the 20 colleges and universities it had founded.³

During the early 1900s, fraternal organizations became an integral part of the philanthropic history of African Americans. Between 1906 and 1924, eight black fraternities and sororities were established by college-educated African Americans. These organizations have a strong tradition of volunteerism and charitable giving, and, unlike most of their white counterparts, a strong post-collegiate presence with chapters throughout the world. Today, more than 1 million college-educated African Americans belong to historically black Greek organizations.

In addition to the emergence of fraternal organizations, the early 1900s saw the founding of the Urban League and the National Association for the Advancement of Colored People (NAACP). Throughout their history, these and other civil rights organizations have successfully raised money within African-American communities. (It has been noted that, during the activist 1960s, financial support for the civil rights movement was the single greatest manifestation of philanthropic behavior in the United States.⁴)

During the 1930s and the 1940s, organizations such as the National Council of Negro Women and the United Negro College Fund emerged to focus on the issues and needs of women and youth.

The civil rights movement dominated the 1960s and 1970s and, as discriminatory practices were challenged, blacks began to find their way into corporate America and the world of entrepreneurship. Statistics tell the story. During the 1980s and 1990s:

- The number of blacks in managerial positions within corporations increased from 4.7 percent in 1983, to 5.6 percent in 1987, to 6.9 percent in 1997.⁵
- Black business ownership increased by 46 percent from 1987 to 1992, and blacks established business at a two-to-one ratio when compared with their white counterparts.
- The number of black households with annual incomes of more than \$100,000 increased from 2.3 percent in 1990 to 2.7 percent in 1996, according to census data.

In addition, according to the August 1997 issue of *Forecast Magazine*, the buying power of blacks currently stands at \$469 billion and is growing at 2.5 times the rate of inflation. In comparison, the buying power of all U.S. residents is growing at less than twice the rate of inflation. Such economic advances have afforded the opportunity for many more blacks to exercise their charitable impulses, and many have responded. The latest survey of charitable giving by Independent Sector reports that 53 percent of all African-American households now give to charity.⁶

Throughout history, the church has been singly the most important institution within the black community, and the mega-churches that emerged during the 1980s have continued that tradition. Defined as churches with more than 3,000 members, mega-churches are having a dramatic impact on economic development in the black community—building homes, starting schools and providing health and human services. Many are also establishing foundations.⁷

Perhaps, for their very survival, blacks seemed to have been compelled to share and give back from the moment they arrived on the shores of the Atlantic. From the early mutual aid societies and fraternal organizations formed before the Civil War to modern day economic development efforts, blacks have aggressively engaged in informal and institutional philanthropy for the betterment of their race. Evidence of this fact is that many of the civil rights, fraternal and self-help organizations founded over the past 200 years remain as strong forces in shaping black philanthropic behavior.

When there was no money to give, a generous heart, a strong back or a keen mind were offered freely. As a value, “giving back” is firmly rooted in black history. In the earliest times,

Table 1. African-American Philanthropy Timeline

Period	Events				
1700	Mutual aid societies: social services, education	Fraternal Order or Prince Hall Masons (1775)	African Union Society (1781)	African Society of Mutual Aid & Charity (1796)	Orphanages established
1800	By 1800, several hundred organizations existed to provide charitable assistance to the black community	Anti-slave efforts	Black churches emerge: A.M.E., Baptist	Post Civil War activities: Blacks hold elected offices	
1860	Role of church continues to be strong	Individual philanthropists emerge: Thomy Lafon, New Orleans	Tuskegee Institute founded	Other black colleges emerge: Bethune-Cookman, Spelman, Morehouse, etc.	
1900	Black sororities and fraternities formed for college-educated blacks	Boule formed (1904) NAACP formed (1908)	Urban League founded (1910)	Marcus Garvey Back to Africa movement (1914)	National Council of Negro Women founded (1935)
1940	United Negro College Fund (1943)	Links (1946)			
1950	United Negro Appeal (1955)				
1960	Civil rights movement	Financial support for civil rights movement is single greatest manifestation of philanthropic behavior in U.S.		Black Businesses emerge: Johnson Publishing, Black Enterprise, Essence	United Black Fund (Washington, 1969)
1970	21 Century Foundation formed (1971)	National Black United Fund established (1974)	United Black Fund of America established (1977)		
1980	Entertainers, sports figures and others of wealth begin to give large gifts	Scholars and researchers begin serious study of African-American philanthropy	Community foundations extend outreach to African Americans	Mega church movement emerges	Number of black black-owned businesses increase
1990	First National Conference on Black Philanthropy (1997)				

when little money was available to give, “pennies” were pooled to help those in need. That attitude of sharing a little bit to support many worthy causes continues to motivate black philanthropists. Also at the core of black philanthropy is the belief that time and talent are just as valuable as money.

James A. Joseph may have summed up the history of black philanthropy best when he wrote, “The African-American tradition traces its moral sentiments to the cosmology of the early slaves and the communal ethic of slave quarters, the black church, black voluntary associations and protest politics.”⁸

TRADITIONS OF AND ATTITUDES ABOUT AFRICAN-AMERICAN PHILANTHROPY

“We give, and then we give again, with whatever we have at hand.” This statement sums up the black tradition for giving to help those in need—both time and money—through church, family and community. It defines philanthropy within the African-American community and hints at the humble nature of giving that traveled north with escaping slaves. Today, because of the growing capacity of the black community—illuminated by its best and brightest making mega-gifts to institutions of higher learning and nonprofit organizations—the descendants of slaves now generate philanthropy that benefits the many families who continue to struggle economically, just as their forefathers and mothers before.

“We did not sit around the dinner table and talk about what charities we would support. Many of us were just surviving so we had little tradition or history for understanding how to do philanthropy at the level that we can now afford. My family gave primarily to the church or on impulse based on an immediate need. That is not the most effective way for me given my income level. But I have no other model.”—Donor

The definition of African-American philanthropy is summed up by the following observations by eminent scholars in the field:

- Dr. Emmett D. Carson, CEO of the Minneapolis Foundation and noted authority on black philanthropy, notes that, “Historically, black philanthropy has been a survival mechanism through which African-American people have directed their money, time, and goods to lift up and advance the myriad interests of African-American people.” Carson continues, “Today, African-American philanthropy is shifting toward economic and social empowerment.”⁹
 - Cheryl Hall-Russell, graduate assistant in philanthropic studies and coauthor of the study “African American Traditions of Giving and Serving,” notes: “The broader definition of philanthropy entails sharing what one has, be it advice, experience, knowledge, food, material, money or any other time or talent with other individuals, the local community or other causes.”¹⁰
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- Paula Parker-Sawyers, executive director of the Association of Black Foundation Executives (ABFE), remembers earlier studies on black philanthropy that compared the “redistribution of acquired wealth” with that found in the majority community. Parker-Sawyers believes that a transition to a broader definition of black philanthropy is underway from a “tradition of giving and serving” to a “voluntary action for the public good.”¹¹
- Rodney Jackson, president of the Corporation for Philanthropy and founder and director of the first and second national conferences on black philanthropy, adds, “Black philanthropy is based on a communal notion of philanthropy...when individuals in the black community support others, the community as a whole, not just immediate recipients, benefit.
- Philanthropist Ruth Batson¹² tells the story of how she first learned about philanthropy. It wasn’t called philanthropy then, when her mother made her go around to the neighbors and collect quarters to help families who had come upon hard times.

The consistent theme in these definitions is that, within the African-American community, philanthropy is just as much about time and other voluntary action as it is about money. And the rich history of sharing whatever one has among family and friends continues to be the dominant motivation for charitable giving. Even among the more affluent, tax advantages play a lesser role than the desire to give back and share.

Given these fundamental tenets and the common perception among African Americans that philanthropy is reserved for multimillionaires, many black donors would not describe their behavior as philanthropic and are uncomfortable with the term. Development officers and board members both report that their educational efforts begin with defining the word philanthropy.

Wenda Weekes Moore, a member of the board of the W. K. Kellogg Foundation and director of Town Hall Forums at the Westminster Presbyterian Church in Minneapolis, however, says “we must stop being afraid of the ‘p’ word and use it proudly to describe our rich history of giving.”

How philanthropy is defined and conducted within the African-American community is in a period of transition. African-American communities are moving from a survival model to a model of community self-sufficiency and economic empowerment. Allowing black philanthropy to be defined by the mega-givers would be easy, but as this study shows, for African Americans, philanthropy still covers a broad spectrum of gifts, from time and talents to large financial donations.

AFFLUENT DONORS OF DIVERSE CULTURES: PERSPECTIVES ON PHILANTHROPY

For the purposes of this study, affluent African Americans are defined as individuals who are capable of making a charitable donation of \$10,000 or more per year.

Whether affluent black donors give once, with unparalleled generosity, or often supports the majority definition of philanthropy as give based on accumulated wealth. High-profile givers,

such as Camille and Bill Cosby, Willie Gary, Oprah Winfrey, Michael Jackson, Michael Jordan and others, with the capacity to give millions, are the elite of philanthropy. *The Securities Pro*, a magazine that focuses on the affairs of African Americans in finance, reported that the net worths of Bill Cosby, Michael Jackson and Oprah Winfrey each exceed \$250 million; that Michael Jordan's net worth is more than \$100 million; and that Willie Gary's net worth is more than \$10 million.¹⁵ These individuals can, and do, attract media attention to their pet causes through generous donations of time and money. More than once, Winfrey has stated publicly that she hopes her visibility will spur other accomplished African Americans to become donors.

Our churches represented who we were, that is to say, people who went to work; had limited discretionary money; and planned and budgeted in that manner. The stories, and by stories I mean "vision work" of the black church, were of struggle, survival, and that ilk. Now we have discretionary income. Today, the stories of the black church are changing. Congregations are prosperous and wealthy with a focus that reflects not struggle, but what do I do with my money?—Sharon Foster Johnson, Charles Revson Fellow at Columbia University

But million-dollar gifts are not the bread and butter of philanthropy for any ethnicity. Thus the mega-givers, in and of themselves, do not define black philanthropy. The majority of African Americans, some of whom are economically comfortable, some of whom are of lesser means, give consistently to multiple interests over time. Although the focus of this study is donors who have the wherewithal to give \$10,000 or more each year, the blacks of lesser means who often give in amounts disproportionately higher than their incomes would suggest must not be forgotten. Consider Oseola McCarty, a maid who gave \$150,000 to a college in Mississippi. Or Matel Dawson, Jr., a Ford factory worker whose coworkers were surprised to learn had made \$700,000 in philanthropy gifts—as reported in the October 1996 issue of *Ebony Magazine*. Dawson, now 77, has contributed \$1 million to charities over the breadth of his career. Because most of his charity is local, Dawson can add the gift of time to stay in touch with recipients. Moreover, the fund development specialists interviewed for this study reported that their fund development strategies include the worker bees of philanthropy—middle-income givers who practice sustained giving through their church or employer-based payroll deduction options.

Thus, the common notion of affluence as defined by position and income may not be a good predictor of the sources of large gifts from African Americans. The desire to share, even when such sharing is disproportionate with income, is a firmly rooted value among blacks.

Motivations and Preferences

The maxim "to whom much is given, much is required" provides evidence of the reasons why African Americans give. Among a host of interpretations, experiences and predilections expressed by African-American donors, common threads are identifiable that, when woven together, create a rich palette for learning. The most brightly colored thread in that fabric is the

motivation to “give back”—to support the institutions and causes that are closely aligned with the donor’s personal repertoire. Many of those interviewed said that African Americans want to give to causes that help the human condition. Giving to the church and to causes that help other African Americans improve their economic situation is of primary interest to donors. Thus, the main philanthropic interests of African Americans are religion, education and health and human services.

As is the case with most Americans, the church remains the most important beneficiary of African-American charity. According to the results of five surveys conducted by Independent Sector from 1988 to 1996, 52 percent of whites reported giving to religious causes, while 44 percent of blacks say they gave in that area.¹⁴ Although gifts to the church support current funds, more and more churches are setting up foundations and social outreach programs and developing housing for the poor.

The second largest proportion of gifts from African Americans support educational institutions or scholarship initiatives, primarily because the donors had benefitted from such efforts. One affluent African-American donor reported giving to his alma maters, setting up scholarship funds and supporting existing scholarship efforts both at his alma maters and at several historically black colleges. This donor’s primary interest was in helping minority students because he believes that racism and discrimination remain major problems in American society. The donor’s focus on a complex societal issue fits with the theory developed by Paul Schervish in his study of donor motivation of “major donors, major motives.”¹⁵

Through in-depth interviews with persons of wealth, Schervish isolated three key findings that define motivations for charitable giving—hyperagency, identification model of caritas and associational dynamics of charity:

- Hyperagency, which is the most elemental of the three findings, suggests that large-gift donors are educated in multidimensional arenas—from business to politics to philanthropy—and draw on experiences from all these areas to inform their grantmaking;
- Identification model of caritas explores the “spiritual foundations” intertwined with charity; and
- Associated dynamics of charity suggest that donors give based on their level of intimacy, resonance and connectedness with the cause or charity.

All three findings are present in the historical and current-day philanthropy of African Americans.

Although disagreement on the strength of this thread exists, it seems that many affluent African Americans are less motivated by the tax advantages of charitable giving. This finding is consistent with Schervish’s finding that tax incentive was the lowest of four extrinsic rewards for all donors. Schervish found that the rewards donors obtain for their philanthropic endeavors rank in the following order of importance:

- 1) **Recognition**—introductions at meetings, invitations to elite gatherings and publicity were the most important incentives;
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- 2) **Personal**—immediate thank you letters, telephone calls from leaders and officials, awards, membership in elite groups and peer acknowledgments—were second;
- 3) **Social**—development of new personal relationships, an increased sense of community and status and a new awareness of group cohesion—were third; and
- 4) **Tax incentives**—income, estate and capital gains—were fourth.

Schervish and others speak at length about the role of tax planning, reporting that the Tax Reform Act of 1986 “dramatically increased the incentives of wealthy individuals” to support charities as a means for obtaining substantial relief from the so-called wealth tax. This tax penalty focuses on income—which may explain why, with only one generation of wealth at their disposal, some African-American donors have not begun fully to appreciate its dynamics. This theory may also explain why the estate tax penalty, which can redirect more than 60 percent of an estate’s assets to the federal government, has yet to manifest itself in African-American philanthropy. As more African Americans amass estates of a sufficient size to place them in jeopardy of wealth tax penalties, the tax implications of charitable giving will become of increasing interest to this community. In fact, one large donor interviewed for this study admitted giving away an additional \$250,000 one year because, as he put it, “I had an income tax problem that year.”

Four other strategic lessons on the motivations of affluent African-American donors have grown out of this study:

- First, donors are more likely to make a philanthropic gift if the appeal comes from a well-respected member of their ethnic community.
- Second, donors are motivated by tangible, concrete causes. They want to see where their money is going and how it directly benefits the African-American community.
- Third, as with all donors, they respond to being asked. Too often, the answer to why an individual did not give is, “I wasn’t asked.”
- Fourth, African Americans are more likely to support immediate needs and less likely to support endowments. One respondent’s reasoning for this is that “with so many issues to be funded, we need to allocate as much money as possible.”

Interest in endowments is, however, increasing as more organizations grow in staff and can support a dedicated endowment effort with a budget to market the concept. In fact, some of the larger, more sophisticated organizations—such as Boule, Links and some fraternal groups—are beginning to establish endowments. Still, most remain modest in size and development officers continue to lament their difficulty in attracting endowment dollars. Endowment giving is a fairly new strategy and may be incongruent with African-American historic patterns of giving.¹⁶

The next thread of motivations among African-American donors is offered by Emmett Carson, who found that three dynamic catalysts spur African-American philanthropy:¹⁷

- Demographic changes;
 - Resources that are declining because of government devolution and corporate downsizing; and
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- Ongoing challenges within the African-American community.

The first catalyst is the growing number of affluent African Americans. The recent survey by the Independent Sector found that:

...53 percent of all black households made donations in 1995, compared with 73 percent of all white households. Yet the U.S. Census Bureau reported that the number of African-American households with incomes more than \$100,000 more than tripled from 1967 to 1995, and those households earning at least \$50,000 doubled.

In 1996, 2.7 percent of African-American households had income of more than \$100,000—an increase from 2.3 percent in 1990. As wealth increases, interest in pooling resources and in making a greater overall impact with charitable gifts also increases.

Interest in pooling resources is, in part, the result of a continuing mistrust on the part of many African Americans toward “white-controlled” mainstream institutions—an issue that was raised repeatedly by respondents. In addition, many African-American donors have a strong desire to control their own assets and support the notion of “African-American funds” funded by, and controlled by, African Americans. Such funds are viewed as empowering because they allow the African-American segment of society, which is already predisposed to self-help, to maintain its legacy but with a much greater impact. Dr. Emmett Carson provided a recommendation on how this might work in his opening remarks before the First National Conference on Black Philanthropy when he called for the creation of an African-American community foundation with a long-term endowment goal of \$1 billion.

Although separate African-American funds established by churches, fraternal and service organizations are succeeding, findings from the First National Conference on Black Philanthropy and this study point to a strong need for additional education and technical assistance. African Americans appear to lean toward funds they set up and control. Unfortunately, however, many lack the financial and investment sophistication needed to optimize their investments.

When African Americans are asked what goal they assign to their philanthropic activities, the most common response is, “furtherance of the community of ‘man.’” It is because of the broadness of this statement that this donor community has no one preferred organizational approach to giving. Tangible causes, annual appeals and impulse giving appear to be the most common approaches. When issues of control are set aside, community foundations seem to be gaining popularity as a venue for African Americans setting up more permanent funds. Some community foundations have established pooled African-American funds. Others have succeeded in attracting individual and organizational funds. As these foundations increase their outreach and educational efforts within African-American communities, the relationships and networks that develop will break down barriers and lack-of-trust issues.

On another level, many affluent African Americans see charitable giving as a valuable opportunity for networking. Giving puts prospective donors within reach of organizations, thus, providing opportunities to pursue business and social contacts.

Life-altering events—such as an illness within the family for which there is no cure—can direct African-American donors to specific charities or causes. Again, where there is connected-

ness there is a purpose in giving. Several examples of affluent African-American donors who established funds or foundations as a result of a life-altering event or personal connection to the charity are discussed below.

Examples of Giving Preferences among Affluent African Americans

Over the past two decades, the worlds of talk television, music, sports and big business have generated power givers who command massive capital reserves. The high-profile donors from each of these sectors, and the causes they support, are well known:

- Talk show host **Oprah Winfrey** initiated “Save Your Change,” a need-based scholarship fund for children that is supported through donation boxes placed across the country, and “Build an Oprah House,” an on-the-air promotion for Habitat for Humanity. In addition to these charities, in 1995, Winfrey also donated \$1 million to Spelman College; she gives to her alma mater—Tennessee State; and she has established the Family for Better Lives Foundation to help families in need.
- Entertainer and corporate spokesperson **Bill Cosby**, together with his wife Camille Cosby, donated \$20 million to Spelman College in 1988; more recently, he established a public charity—the Hello Friend/Ennis William Cosby Foundation—to honor their son, Ennis who was killed in 1997. The Cosbys hold fundraising events to support the charitable causes of this foundation.
- Singer **Michael Jackson** donates to the United Nations Children’s Fund and to other international relief organizations that feed and house children.
- Singer **Gladys Knight** recently established a foundation, in conjunction with the American Diabetes Association, to raise money and awareness of issues surrounding diabetes in the African-American community. Knight’s mother died of complications from diabetes in 1997.

In sports, a field long dominated by African Americans, players’ salaries are now at unprecedented heights. Superstars are now leading the charge in philanthropy:

- Former Chicago Bulls star **Michael Jordan** pledged \$1 million to the University of North Carolina for the establishment of an institute at the School of Social Work that will “study the effects of poverty, child abuse, teenage pregnancy, and care for the elderly on families.” He established his own foundation in 1988 but dissolved it in 1996 because of administrative costs. (For additional details on Michael Jordan’s foundation, see pages 132-133.)
 - Former Buffalo Bills all-pro linebacker **Darryl Talley** established a fund in the Rochester Area Community Foundation in 1995 to help minority and disadvantaged youth succeed in life by supporting their scholastic and athletic achievements.¹³
 - Atlanta Hawks superstar **Steve Smith** considered a number of charitable options before giving \$2.5 million to Michigan State. Each year he has given away about \$70,000 of his multimillion-dollar salary.
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- Prizefighter **Evander Holyfield** gave \$1.2 million to Houston's Windsor Village United Methodist Church in 1995.
- Former Chicago Bulls basketball star **Dennis Rodman** pledged \$52,439.02—the income he would have earned during an 11-game suspension—to charities in the Chicago area. The money—sometimes with a nice note—went to 11 charities that ranged from the Wilma Rudolph Learning Center to the Jewish United Fund, the March of Dimes and the police department. Two other recipients, the James Jordan Boys and Girls Foundation (named for Michael Jordan's father) and the Magic Johnson AIDS Foundation, clearly hold a special affinity for the basketball player.

The growing number of African-American business heads and professionals who excel in their chosen fields and make substantial gifts to charity are less known to the public:

- In the corporate sector, medical-malpractice and wrongful-death litigation attorney **Willie Gary**, Florida's migrant millionaire, maintains a high profile in business and in philanthropy. In 1991, Gary and his wife, Gloria Royal, pledged \$10 million to his alma mater, North Carolina's Shaw University (a historically black college).
 - Together with their mother, the two children of the late **Reginald Lewis** own nearly 50 percent of TLC Beatrice International, the largest black-owned company in the world. In 1991, *Forbes* magazine documented Lewis' worth at \$400 million. TLC has net sales of more than \$2.1 billion, mostly from snack foods and convenience stores in Western Europe. In 1989, Lewis gave \$1 million to Howard University and in 1991—prior to his death—he gave \$3 million to Harvard Law School. Lewis' widow, Loida N. Lewis, a woman of Filipino descent, is now chairman and CEO of the corporation.
 - In the late 1960s, **Earl G. Graves** turned *Black Enterprise Magazine* into a brand-name institution. An ex-marine, Graves worked for the late Senator Robert Kennedy. In the early 1990s, Graves and his superstar partner, Earvin "Magic" Johnson, purchased Pepsi-Cola of Washington, D.C. Graves gives generously to the Boy Scouts and, like many educated, successful African Americans, to his alma mater. Morgan State University, in Baltimore, named its business school after Graves following his \$1 million pledge in 1995.
 - **Eileen Norton**, wife of the software guru (Norton Utilities) is a patron of the arts, preferring to support unknown artists. In 1995, Norton sponsored the "Black Male: Representations of Masculinity in Contemporary American Art" exhibit at New York's prestigious Whitney Gallery.
 - Popular clothes designer **Karl Kani** is a Brooklyn native who helped the black-owned Cross Colours apparel line achieve prominence in the late 1980s. He went on to launch Karl Kani Infinity and, in 1998 partnered with the Rochester, New York, business, All Day Sunday, to stage a benefit for the world famous dance company Garth Fagan Dance under the artistic direction of Tony-award winner Garth Fagan.
 - Stockbroker **Alphonse Fletcher, Jr.**, donated \$1 million to the National Association for the Advancement of Colored People (NAACP). Fletcher graduated from Harvard
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University and has subsequently become a big donor to his alma mater. Like Norton, Fletcher gives to the arts, favoring the Alvin Ailey American Dance Theater.

In addition to these individuals, legions of African-American donors throughout this nation quietly go about the business of giving. According to *Securities Pro*, **Dr. Ernest A. Bates** of San Francisco is among the 100 wealthiest African Americans. Bates started with a 1978 investment of \$500,000 in a mobile medical service company as a tax abatement strategy. By the fall of 1996, the successful neurosurgeon held nearly 2.6 million shares, or 44 percent of the equity, of American Shared Hospital Services, which is traded publicly on the American Stock Exchange. After completing his residency, Bates' initial foray into philanthropy bestowed \$1,000 a year on students of color attending the University of California at San Francisco (UCSF). Johns Hopkins University, another of Bates' alma maters, also figures prominently in his continuing philanthropy. "I donated \$150,000 prior to joining the board," he remarks "to assist minority students coming from the South." His gift was eventually matched by a grant from the Pew Charitable Trusts. "I like to get things started and have the university take it from there."

Bates has also endowed a chair at UCSF to honor of its renowned neurosurgeon, Charles Wilson, who is part Cherokee, as a commemoration of the positive educational experience he enjoyed while attending UCSF.

Additional gifts by Bates include, \$100,000 each to Johns Hopkins and UCSF to support their neurosurgery departments. All of these gifts reflect Bates' ideas on giving where the return on investment is clear and practical. Bates continues to use tax incentives as a strategy for giving, and likes to give "directly to the institution" rather than through an intermediary. He also gives where he has had connections or has received help—regardless of the institution's overall ethnicity.

These are just a few examples of how affluent African-American donors are satisfying their philanthropic interests and making a significant impact in the African-American community.

Affluent African-American donors are by no means monolithic in their charitable interests or in the ways they choose to exercise their philanthropy. From the arts to education, from public charities to multiple annual gifts, African Americans are represented. One consistent theme, however, is that African Americans are much more likely to give back to organizations or individuals who have been instrumental in shaping their success.

CHALLENGES TO FUNDRAISING WITHIN THE AFFLUENT AFRICAN-AMERICAN COMMUNITY

Although celebrity after celebrity has given mega-gifts, according to a January 1996 article on giving by African Americans in the *Wall Street Journal*, middle-class blacks were not giving to black charities at rates commensurate with their incomes, citing competing interests as a primary issue in giving patterns.¹⁸

“We have 400 years of experience raising money from poor and working folks, but we don’t have much practice raising it from the middle class.”—Development Specialist

Most middle-class blacks represent first-generation wealth and are giving to family, church, alma mater and a host of other organizations to which they feel compelled to give back. In the aggregate, however, giving among the black middle class lags behind giving among their white counterparts. For example, only 4 percent of Howard University’s 60,000 alumni contribute to the school, whereas 28 percent of Vanderbilt’s alumni give to their alma mater. But Vanderbilt, which is about the same size as Howard, has a development staff of 120, while Howard’s fundraising staff numbers only 18. Like so many African-American organizations, black colleges and universities have not had the sophisticated research offices and donor development strategists found in white colleges and universities.

Individuals surveyed for this study seem to agree that it is more difficult to solicit funds from middle-class African Americans than it is to obtain gifts from those with lower incomes. “We have 400 years of experience raising money from poor and working folks, but we have little practice raising it from the middle class,” according to one respondent. Although middle-class blacks probably have more discretionary income than their parents, they may not know how to respond effectively to requests for donations from the various organizations with which they are affiliated. Some are probably unaware that they give more than \$10,000 per year because they give in small denominations to many organizations. Another issue is that middle-class African Americans are not inclined to give as frequently to mainstream organizations as middle-class whites.

Lack of knowledge is another impediment to giving. A survey jointly commissioned by Ariel Mutual Funds and Charles Schwab & Co. and conducted in April 1998 found that African Americans are not well prepared to participate in the boom market.¹⁹ Findings from this survey showed that affluent blacks—individuals with incomes of \$50,000 or more—are less likely to invest in stocks, save less and admit to being less knowledgeable about investment strategies. The survey pointed to a range of attitudes about the financial services industry, including less trust of investment advisors and less self-confidence about investing. Similar behavior and attitudes are likely to apply to charitable giving.

Challenges also remain in attracting the nouveau riche among African Americans to philanthropy. According to a Merrill Lynch financial advisor who represents several African-American sports figures and entertainers, “Many young entertainers and sports people spend every cent they make. They are not good financial managers but do spend lavishly on family and friends.” Members of a focus group conducted with affluent donors in Minneapolis support this opinion: “African Americans spend too much money on material things. Re-education on finances is needed. People making money are spending it. People are worth more than \$1 million and don’t know it!”

Internal challenges for fund development specialists in African-American organizations include a lack of experience at raising major gifts, developing sophisticated databases and

managing endowments. Rodney Jackson offers the following observation in this regard: “Just as managing financial assets is relatively new to the majority of the black community, the same is true for black organizations. Some have the requisite experience and some don’t. Obtaining the skills to cultivate high-end donors, putting infrastructures in place, and managing endowments properly and profitability will be a challenge.”

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CHALLENGES AND POTENTIAL OF BUILDING ENDOWMENTS

Building endowments is a very new phenomenon among African-American individuals and organizations. As history shows, the norm within the African-American community is to give in response to immediate needs, rather than to build funds for the future. As a result, many black nonprofits have no endowments and are, therefore, struggling to meet annual budgets and must focus on the short-term rather than on building permanency.

Within the African-American community, the endowment concept is not well understood. With the number of critical, immediate needs that currently exist, it is difficult to think about raising money that will be “saved” for the future. Moreover, those African-American individuals and organizations that set a course for endowment building generally establish minimal fundraising goals. With few exceptions, organizational endowments targeted for African-American causes generally have assets of less than \$1 million, and some individual endowments are as small as \$10,000.

Individuals interviewed for this study all reported difficulty in raising endowments within African-American communities unless an educational effort preceded solicitations. Even with these challenges, however, research points to an increased interest in long-term charitable planning.

As African-American organizations and individuals learn more about various philanthropic vehicles, developing means for preserving the already solid giving patterns within their communities must be a priority. Using John McKnight’s asset-based approach, which assumes that every community has a significant base of strength, we should start from a posture of building on the traditions already in place. This means focusing on those churches and fraternal and service organizations that have a rich history of fundraising. In working with individual donors, this means understanding that, where charitable solicitations are concerned, affluent African Americans are pulled in many different directions. As these donors reach beyond the church and begin

to serve on “mainstream” boards, their plates become full and prioritizing giving becomes difficult. As one donor put it: “Sometimes for me, it is simply who asks first....I can’t be everywhere and give to everybody, but sometimes I feel that I am expected to. I need to do a better job of prioritizing.”

Perspectives on Endowment Building in the African-American Community

To some extent, African Americans have not progressed beyond the basic fundraising steps and stages of philanthropy. The view that the African-American community is not ready to become actively engaged in philanthropic endowment building was expressed repeatedly by those interviewed for this study.

For example, Paula Parker-Sawyers, executive director of the Association of Black Foundation Executives (ABFE) expresses strong concerns that discussions of endowment building may be premature. “We’re still doing events,” she observes. Preparing letters of inquiry; researching, writing, refreshing and tailoring grants; composing update and thank you letters; and organizing special events all take an inordinate amount of time when compared with their return on investment. And, although not always productive, paper-based fundraising falls within a certain comfort zone because it does not usually involve direct, one-to-one interaction to cultivate donors.

Special events have their place, and as initial forays into fund development they are excellent vehicles for promoting awareness. Superstars and nonprofits can host dinners, golf tournaments and phone-a-thons that attract friends and funds. But, Parker-Sawyers believes that the African-American community is still “not ready for endowment language.” She suggests the endowment building process must begin with a strengthening of nonprofit organizations and boards. “We get our friends on a board but don’t think about how they are beneficial to the organization,” she says. Among other recommendations, Parker-Sawyers suggests understanding that, as board members with a fiduciary responsibility, “they have to give first.” Besides the boost to resource development that such gifts represent to the organization, these gifts help to dispel the myth that African Americans “are receivers and not givers.”

Where boards are concerned, the problem may be more a matter of getting members to focus on long-term fundraising plans. In the view of Kellogg Foundation board member Wenda Weekes Moore, organizations in “crisis mode” will not give their energy, time or funds to endowment. Weekes Moore helped to raise \$15,000 from the local Minneapolis Links chapter for the National Links Endowment—now estimated at \$1.2 million—but still believes that it is hard to build endowment when the community is “focused on the here and now.” Weekes Moore favors the use of a banking analogy to explain the concept of endowment: “Think of an endowment as your savings account for the future and annual fundraising as the checking account you use to cover immediate needs. Organizations need both.” Weekes Moore notes, however, that establishing an endowment is complicated by the fact that, “as a nation, we do not save very well.”

Still, Weekes Moore sees hope for African-American fund development efforts. “We have some big names who have stepped out and set a good example,” she says. Engaging prosperous African Americans “just under Bill Cosby” who are not giving strategically should be a priority.

Patricia Solomon is president of Detroit’s Minerva Education and Development Foundation (MEDF), an organization created by the Delta Sigma Theta Sorority, and director of the African American Legacy Program (AALP), an organization that operates under the auspices of the Community Foundation of Southeastern Michigan. “About seven years ago,” she remembers, “the local Delta Sigma Theta Alumni chapter started a local foundation. We participated in a three-to-one challenge program that was initiated by the Kresge Foundation and the Community Foundation for Southeastern Michigan to encourage endowment building.” Although \$20 million was available, only three African-American organizations—MEDF, the Arts League of Michigan and Joy of Jesus—were selected to participate. “Initially, it was difficult to fundraise from the sorority members,” admits Solomon. The fundraising period netted \$100,000 over its three-year timeframe. Contributions came in thirds from the sorority members, outside corporate contributors and the board of the MEDF. With more than 700 active members, the Detroit chapter of Delta is the largest alumni chapter of the sorority in the country. Although it could have raised their match with a \$200 gift from each member, most Deltas are educators and their area of expertise does not include the concepts of endowment building. Solomon notes that: “It was very difficult to implement endowment building with the group. They asked questions like ‘when do we get our money back?’ and ‘what happens with the interest?’”

“As a result of finding that misunderstandings about various philanthropic options are widespread, we formed the African American Legacy Program (AALP) to set up education sessions, speakers, and the development of materials, etc. AALP continues to grow in the African-American community and is now collaborating with Leave a Legacy, Touch the Future and other initiatives designed to promote philanthropy in all communities,” offered Solomon.

Finally, the head of an endowment building effort for a midwestern chapter of Alpha Phi Alpha Fraternity—an historic black fraternity with chapters worldwide—lamented about the difficulty of raising endowment dollars from the “brothers” in the fraternity. He is struggling to create an endowment of \$100,000 by soliciting \$25 per month per member for one year. Members are not accustomed to thinking long term, and all previous fundraising has been for annual scholarships. With scholarships, the money is raised and awarded and evidence of exactly how donations were used is tangible. “Right now,” he says, “the concept of endowment is too far removed from what fraternity members can see, feel or touch.”

These examples illustrate the need for more education about endowments, but they also support a point made during a focus group discussion of African-American donors in Minneapolis: Timing is crucial. “We may not be ready to leap to discussions of endowment. That’s pretty sophisticated philanthropy. We may need to start at a more basic level,” commented a participant in that group. “We may need pre-work and education before we leap into endowment discussions.”

Corporation for Philanthropy President Rodney Jackson believes that endowment building is not the only, or best, way for the African-American community to increase philanthropy:

Assets in the African-American community are one-fifteenth of those in the white community and although growing, until those assets get to the size where people can afford to comfortably give some away, they will not be in a position to think about endowment building. People argue that you can build endowment from a few bucks here and there to get to, say, \$100,000. But even \$500,000 is only going to generate \$30,000 to \$50,000 per year in income.

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It is clear that the benefits of endowment have not yet been fully embraced within the African-American community and that many believe that such efforts may be premature without much more education and organizational sophistication.

In spite of these challenges, a number of African-American organizations and some individuals are actively pursuing endowments. Moreover, many of those interviewed for this study are at least beginning to think about long-term financial stability, even if they are not currently building endowments.

Organizational Endowments

Many of the large national traditional African-American nonprofit, fraternal and civil rights organizations have now established endowments or are at least beginning to discuss the issue. A few examples of these endowments are provided in Table 2.

A representative from the National Urban League indicated that most of his organization's endowment has been built through corporate contributions rather than gifts from individuals or families of wealth. In addition, he—and other respondents from national organizations—said that little work is done to cultivate affluent African Americans.

The examples that follow summarize the challenges and potential for building endowments in African-American organizations.

The Experience of Two Fraternities

Alpha Phi Alpha Fraternity is one of the historically black fraternities that were founded in the early 1900s. It currently has 140,000 active members. Hebrew Dixon III, national president of Alpha Phi Alpha Fraternity Inc., reports that working with competing priorities is a challenge in fund development.

Table 2. Selected Endowments among National African-American Organizations

African-American Organization	Estimated Endowment Size
NAACP	\$ 50 million (goal)*
National Council of Negro Women	30 million (goal)*
United Negro College Fund	22 million
National Urban League	13 million
Sigma Pi Phi Fraternity (Boule)	3.5 million
Omega Psi Phi Fraternity	3 million
Associated Black Charities of Maryland	1.2 million
Delta Sigma Theta Sorority	1.2 million
Alpha Kappa Alpha Sorority	1 million
Links, Inc.	1 million

* Campaign in progress, but representatives of these organizations could not be reached to determine the current level of the endowment.

This fraternity's mainstay has been scholarships for undergraduate or graduate students. Dixon says that the fraternity is currently "in the early stages of a capital campaign to establish a permanent memorial to our brother, Dr. Martin Luther King, Jr., in the area of the nation's Capitol." Although the fraternity would like to plan for an endowment, "the lack of available resources to spread across the board had to be considered." The fraternity prioritized its work and decided to complete the capital campaign rather than add another level of complexity. Dixon does believe there will be room for an endowment in the future. In Dixon's words, "We're aggressively challenged" to retain and expand scholarships, handle the campaign and initiate endowment. He knows that, if approached correctly, donors may be willing to support both current operations and perpetuity.

Dixon's experience illustrates the challenge of raising funds for immediate needs while simultaneously planning for the longer term. For Alpha Phi Alpha, current needs won out. The story that follows is one of a fraternal organization that found an effective way to balance competing interests.

The Boule (Sigma Pi Phi Fraternity) is a national organization that was founded in 1904. Most of its 3,500 fraternity members are doctors, lawyers and other high-income African-American men. The fraternity operates with annual dues from members. According to one Boule member, the Reverend Calvin Pressley, the fraternity's combined membership generously contributes another \$100,000 annually. The Boule supports a foundation whose currently assets

are \$3.5 million and has established aggressive fundraising goal of \$10 million for that foundation. Pressley believes: “It all comes down to donor motivation. Members of the organization give to memorialize family and themselves as well as to the social action of the fraternity.” He also notes that the only hesitation in giving was “the trust factor,” which the Boule has now overcome.

The Boule’s foundation was established with a gift of retirement funds from a fraternity member who was a senior vice president at Texaco. Today, the foundation uses materials that educate and inform as its major method of communicating with potential donors. Pressley adds:

If people understand that the organization is credible, the leadership is trustworthy, and the cause to which the foundation says it’s committed, those elements make it easier. People don’t give because they want to control their giving. Those gifts tend to be smaller in any case. That’s why we pool our resources.

One thing Pressley admits the Boule needs to do is “personal handholding.” A structure to support that type of campaign will soon be put in place.

The Boule’s strategy is to use some of its annual income for direct support and some for endowment building. Pressley reports that: “the fraternity gives \$75,000 in grants a year to continuing social action programs and \$160,000 to the foundation to build its corpus so that the foundation can give in perpetuity.” He adds further that, right now, the fraternity “is doing very little” to communicate philanthropic involvement to a wider audience than its own donors. He hopes the campaign may reach a broader base in fulfilling that aim.

Black United Funds

Black United Funds (BUFs) have played a key role in enhancing African-American philanthropy. Started in the 1970s to address perceived inequities in the amounts that United Way provided to black organizations, BUFs now have more than 20 affiliates engaged in workplace campaigns. Black United Funds use three types of combined campaigns:

- Fundraising at the national level;
- “Side by side” campaigns with United Way using combined materials; and
- Donor choice.

According to William Merritt, president and CEO of the Newark, New Jersey-based National Black United Fund, just a few BUFs have small endowments (under \$30,000). The national organization has \$10,000 in life insurance policies.

Cleo Glen-Johnson, director of Texas’ 11-year-old BUF, believes in a philanthropic vehicle for BUF; however, the concept of endowment is less understood than the notion of workplace donations. “We don’t understand [endowment] as a line of economic empowerment or return on your dollar,” explains Glen-Johnson, who ardently believes a people’s legacy is governed by what it gives back to the community from which the donor acquired the wealth. “We kill our ancestors by not naming donated vehicles after them,” she says. “We can disconnect future

generations from our legacy of giving. We need to encourage the concept of endowment giving,” she recommends.

Glen-Johnson echoes sentiments expressed by other African-American development officers. “Blacks give to children or elders, not to operations or endowment,” she says. Moreover, she states, endowments raise questions of percentages of administrative overhead and have the added burden of being less tangible than, for instance, a program to support drug rehabilitation. In Glen-Johnson’s view, donors are motivated to support programs such as drug rehabilitation because of the invasiveness of drugs in their community and their lives. Without a doubt, the concerns of donors to national organizations that work on the frontlines of poverty—like BUFs—are deeply rooted in crisis. Their goal is to conquer what can be accomplished today.

Larry Barton, vice president of the Black United Fund of New York, reports that his board confronted those challenges head on. “As an initial tryout, some board members contributed through an insurance policy as a planned-giving vehicle,” he says. The donor base rejected the invitation. Barton found:

Moms and pops are leery of the concept of endowment. “I’m not going to give you part of my insurance. I don’t want you to mess with my checking account,” were common expressions of resistance. These responses indicate learning curves on a futurist plane.

In smaller organizations that have limited resources and pressing community needs, the absence of specialized staff can preclude pursuit of an endowment. “Our approach,” reports Barton, “is more venture philanthropy, which comes down to us from Walter Bremond, previous executive director of National BUF. We’re faced with very serious challenges in the black community and so we favor monies to immediately create change.” Barton can point to corporate and banking support, “but that’s not endowment, it’s a special project. We see [endowment] out of the corner of our eyes, especially because we’ve gone that route before.” In the absence of a dedicated capacity-building effort, he does not envision that his organization will even begin endowment discussions in the coming year.

William Merritt, of the National Black United Fund knows that cultivating donors is an essential change in development approach of BUFs. Throughout their history, BUFs have raised significant dollars. Moreover, with only limited access to African-American superstars, the National BUF raised \$300,000 prior to the combined campaign and nearly \$2 million annually since 1991. But one-on-one donor cultivation and its subsequent focus on relationship building is another issue. “That’s the thing that’s held us back,” says Merritt. “With payroll deduction, you’re busy planning the campaign, doing applications to participate and accessing corporations. In public campaigns, you’re always in meetings.” Still, Merritt believes that what they have learned so far will be useful when BUFs turn the corner on donor solicitation. “The techniques for gaining access to corporate campaigns and support from private foundations can be applied in reaching individual donors.”

A metamorphosis to an endowment-building black community foundation structure may serve to increase donor understanding of endowments. “When you review the literature for

community funds, there is little difference between what they do and what we do,” says Merritt. In the view of the Internal Revenue Service (IRS), he states, “we are already identified that way. We just need to be willing to change some of our structure with respect to creating donor advised funds, etc.” The amount of study required is, according to Merritt, daunting. He wishes he had started a decade ago, but nonetheless perseveres for the change that will reshape his organization and, to some degree, the federated partners that are affiliated with the National BUF. Reaching affluent African Americans to establish permanent funds will be a priority for the National BUF as it moves forward.

Nonprofit Organizations

Two organizations illustrate the challenges that face nonprofits. The Jesse Owens Foundation and the A. William Randolph Educational Fund have continued their philanthropic work over two decades, without the benefit of endowments.

The Jesse Owens Foundation was established in 1980 with \$6,000 in contributions made as a memorial to the African-American track and field Olympic medallist. Today, the foundation has assets of nearly \$350,000 and supports scholarships and other education programs.

According to foundation executive director Marline Rankin, the initial gift begged the question: “What do we do with the money?” While that decision was being considered, funds continued to come in and were invested, and a fundraising event in New York City brought in even more income.

The Jesse Owens Foundation “provides services to people of color, but we don’t limit to people of color because that’s not how he saw the world. Our grants are given regardless of race, creed or national origin. But, as an organization of color, we have a large number of African-American students we support through scholarships. We also grant to organizations that provide service to children of color,” says Rankin, noting that the term “of color” includes Hispanics and Asians as well as African Americans. Beneficiaries include Olympic-hopefuls in ice-skating and tennis who are African American.

The foundation’s volunteer board “reaches out to their friends, relatives and business partners, and encourages their contributions to the foundation.” Rankin cites the following three elements as instrumental foundation efforts to attract donors:

- 1) The foundation’s philosophy that “people give to people” directs its usage of volunteers, especially their “volunteer board of friends”;
- 2) The work of the foundation appeals to the donors they target; and
- 3) The foundation has a sound organizational structure.

According to Rankin, even with an active volunteer board, sound program goals and a good organizational structure, raising money from the black community is still challenging. Most donors to the foundation give in the amount of \$5 to \$10. “There has been no discussion of establishing an endowment,” Rankin says. “It’s just not something we’ve thought about.”

The A. Phillip Randolph Educational Fund focuses on voter registration and training blacks for positions in the building and construction industry. “Given our limited staff, and our desire to maintain a national organization with national impact, we’ve focused on operating funds to address immediate, ongoing needs,” says fund administrator Norman Hill. Still, he reports that the fund is “not opposed to endowment,” and has engaged in a “tentative exploration” to set up one but lacks the capacity to pursue endowment with any consistency.

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The fund’s Education Fund was established in 1965 and has been very active during some major election years. For example, in 1996, with both the presidential and congressional elections in full swing, the fund grew by \$1.6 million as the result of voter participation drives. But that kind of growth has not occurred in other years. Hill recalls that:

In 1997, nowhere near that amount was generated in the fund. I would expect in 1997 that we may have generated \$500,000, and that’s generous. We generally have approached philanthropy in terms of trying to figure out how and in what way there might be donors of wealth, or foundations or government, who would relate to or be supportive of cause-related endeavors.

Some initial contributions to the fund came through selected board members. Other board members and interested contributors guided the fund toward potentially friendly foundation sources.

The fund has a special concern for racial justice that aligns with cause-specific giving. “We initiated the first black-owned union subcontract business in the masonry industry in the history of southern California,” boasts Hill. “There we generated money from foundations and one government grant that went specifically toward running the southern California project.” “In voter participation,” affirms Hill, “we make grants to our local affiliates around the county who have a significant black population—around 35 to 37 states.” In 1996 the fund made at least 100 grants, Hill reports, but in 1997, it made fewer than 25.

As trade union membership has declined, so has support for the fund. Still, Hill believes the value of maintaining the Education Fund will be in its ability to “increase and perhaps broaden our funding base. It’s been a means of maintaining some ongoing, cohesive activity of our local affiliate base,” he says, adding that a full-time development officer to pursue funding sources would reduce his frustration.

Changes in government policy have also affected the fund. Previously able to rely solely on government funding for specific programming, the fund is now forced to rely more heavily on support from individuals and foundations. Hill explains the situation as follows:

One of the things we're currently engaged in comes out of the 1970s and 1980s. Our sister organization recruits and trains blacks and African Americans to place them into positions within the building and construction industry. It became the premier organization of its kind at its peak, with a budget of \$20 million. It went out of existence in the 1980s during Ronald Reagan's defunding measures. We're refunding that organization through our Education Fund. A major systemic effort is underway, connected to the welfare-to-work focus. This is reviving this organization.

To its credit, efforts of the fund have placed 40,000 people in semi-skilled and skilled positions, where they have maintained a model 92.8 retention rate. Looking ahead to future opportunities, Hill says the fund's focus now concerns "how to do a better, more effective job of projecting or communicating what we do and accomplish. Our limitations notwithstanding, we're best at mobilizing black and African-American voters, but I'm not sure how widely that is known."

Like other organizations, publicity is often underfunded. "We just got money for a brochure," Hill rejoices, knowing he can reach potential and consistent supporters with their good news message.

This story illustrates the challenge that many African-American nonprofits face in meeting immediate operational needs while simultaneously planning for long-term sustainability. The A. Phillip Randolph Fund is now more than 30 years old, yet it has no full-time fundraising staff and few marketing resources. These issues are familiar to many of those interviewed for this study. Although interviewees were not averse to putting energy into endowment development, they lacked capacity both to launch such initiatives and meet day-to-day demands.

Individual Endowments/Family Foundations

Today, relatively few African-American individuals have set up endowments, and even fewer are willing to be interviewed about their philanthropic activities. Still, as incomes increase within the African-American community, more individuals are exploring options in philanthropy. The combination of increased disposable income and new knowledge about philanthropy will undoubtedly result in a marked increase in interest in endowments in the coming years.

The largess of philanthropists like Dr. Ernest Bates, the Cosbys and Ophah Winfrey—all of whom have established endowments—has already been discussed. Following are the stories of individuals who have a long history of giving and the now defunct foundation established by Michael Jordan. Each of these stories demonstrates the diversity in approach and interests of individual philanthropists.

Jean Fairfax, a well-known African-American donor from Arizona, together with her sister Betty, has set up five different types of endowment funds—each for a different purpose:

- The first was established in 1987 with a \$125,000 endowed gift to the Southern Education Foundation in memory of their parents. That foundation supports activities designed to remove systematic barriers in higher education for people of color.
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- The second was established at the Arizona Community Foundation as a donor advised fund to support causes that they “believe in” Arizona—mostly education.
- The third was a \$100,000 scholarship fund established at Betty Fairfax’s alma mater, Kent State University, for students committed to a career in urban education.
- The fourth is a fund at the Cleveland Foundation to promote programs that encourage students at community colleges to transition to four-year colleges and universities. (The fund was placed in the Cleveland Foundation because the Fairfaxes are natives of that city.)
- The fifth was a fund created by Jean Fairfax to honor her sister’s eightieth birthday. Initial funds for the Betty H. Fairfax Fund for Educational Equity, which resides in the Arizona Community Foundation, came from matching the gift Jean Fairfax received with the LEAD Award from Women & Philanthropy. With additional contributions from friends, this fund has almost reached the \$110,000 mark.

When asked why she established so many funds, Jean Fairfax replied, “One establishes endowments for different purposes for different periods of one’s life.”

Today, she travels around the country encouraging blacks to think about endowment. One of her projects is the Black Legacy Endowed Fund sponsored by the Arizona Black Women’s Committee on Philanthropy. The goal for this endowment is \$1 million. Jean Fairfax and her sister are charter members. They want to show other African Americans that one does not have to be wealthy to be a philanthropist; joining with others and pooling resources can achieve the desired result.

Jean Fairfax is motivated to give to endowments because she is an ardent believer in the need for permanent funds to address ongoing issues in the black community.

Ruth M. Batson is founder and president of the Ruth M. Batson Educational Foundation. This Boston-based foundation was established some 25 years ago with a few small donations that were made while she was director of Boston’s METCO—one of the nation’s first voluntary busing programs. Parents made donations to help the children pay for lunches, snacks, books, etc. After a while, contributions reached such a level that an organization, with an administrator, became necessary. To build the foundation, Batson donated some money of her own and held bake sales and other events to obtain more. Ten years later, she had become a partner in a Boston television station. When the station was bought out, she made a major gift to the foundation. Today, the foundation’s assets are more than \$1 million.

Batson wanted to ensure that deserving students would always have the opportunity to go to college and felt the best guarantee was the establishment of an endowed fund.

In 1988, Chicago Bulls basketball star Michael Jordan established the Michael Jordan Foundation as a vehicle for supporting his family’s various charitable interests. When the foundation was dissolved eight years later, an article in the March 8, 1996 *Chicago Tribune* quoted Jordan on his reasons for closing the organization: “By taking a more personal and less institutional approach, my wife and I will know that every dollar we give will go directly to help others,

undiluted by the administrative costs that come with running a foundation.” In fiscal year 1993—the latest year for which data could be obtained—the foundation had assets of approximately \$386,000.

While his foundation was operating, Michael Jordan favored special events over direct contributions. Led by his charisma, the “Michael Jordan Celebrity Golf Classic” raised hundreds of thousands for charities. In lieu of expert staff with foundation or philanthropic experience, Jordan’s mother, Deloris, staffed the foundation—a move that is quite common among family foundations. It appears, however, that Jordan quickly learned that running a foundation was out of his realm of expertise. Other celebrities continue to start and run foundations—Johnnie Cochran, for example—and an opportunity to provide technical support and advice to this group of emerging philanthropists may exist.

THE CHANGING ROLE OF THE BLACK CHURCH

Historically, the church—particularly the black church—has been the bedrock of philanthropy for most African Americans. Today, these churches continue to be places of unity, inspiration and redemption. Often, they are the center of the African-American community. In the United States today there are approximately 65,000 black churches, most with congregations of from 300 to 500 individuals. Of these, 35 are described as “mega-churches”—churches with memberships of more than 3,000.²⁰ Mega-churches, with membership in the thousands and budgets in the millions, are beginning to have a dramatic effect on African-American communities. A number of prominent mega-churches, many of which are nondenominational, are in the forefront of the effort for self-sufficiency and economic development. They are setting up schools and investing in mutual funds.

“Leaders of mega-churches provide a vision of Christian prosperity and operate under that paradigm of power,” reports Sharon Foster Johnson. In larger metropolitan districts, charismatic ministers and empowered congregations think and act differently from how they did a mere decade ago. Foster Johnson paraphrases the economic efforts underway to revitalize stagnant communities: “I can own a bank . . . I can redevelop a neighborhood . . . I can provide social ministry.’ I find that a wonderful shift.”

For instance, in Denver, Colorado, the Reverend Paul Morton leads the 1,200-member Macedonia Baptist Church. This church has established a scholarship endowment fund with a goal of \$200,000. (The fund is currently at the \$38,000 level.) Funds for the endowment are raised through an annual community awards banquet that is attended by an average of 1,000 individuals. Most of the support for this endowment comes, however, from corporations rather than parishioners. Profits from fundraising go directly to the endowment fund. Currently, the church is in the process of identifying additional individual donors. It has not sought outside counsel for this project, choosing instead to rely solely on internal expertise.

Greater St. Stephen’s Baptist Church is located in New Orleans. It has a congregation of 18,000, real estate holdings of more than \$12 million and plans for a \$1.7 million corporate

headquarters. It boasts a scholarship foundation, a community development office, a book and video store and issues its own VISA card.

Allen A.M.E. Church, of Jamaica Queens, New York, opened a \$23 million cathedral mega-church. This church has almost 8,000 members and operates a 300-unit senior citizens complex, a bus-chartering corporation, a community center with a health clinic and a Head Start program.²¹

In Los Angeles, First A.M.E. Church's 16,000 membership transformed blight into beauty and anguish into assets in South Central's poorest neighborhoods with programs that led to investments in emerging businesses, housing projects and training for the unemployed or underemployed. With the help of a full-time development officer, it has successfully raised half of the goal amount of \$300,000 to start an endowment.

In Brooklyn, New York, the Reverend Dr. Gary Simpson leads the 12,000-member Concord Baptist Church of Christ. The 151-year-old church has an endowment of more than \$1 million, which consistently generates \$60,000 each year for grantmaking. Like other mega-churches, Concord is involved in a host of community initiatives including a school, a credit union with assets of more than \$3 million, and a community development corporation.

Simpson believes "it's natural for people to focus on immediate needs," but that African Americans are hindered in their approach to philanthropy because of their focus on the here and now. Although his church's debt-free status allowed it to neatly sidestep the potential conflict, Concord may sacrifice some perpetuity issues in the near future as members debate the need for a \$2.5 million capital campaign. "The need for long-term money planning, in general, exists," states Simpson. "It's directly correlates to our absence of retirement, wills or bequests." He adds further:

Black folks are basically consumers, not investors. As a race, we save a smaller percentage than any other ethnicity in this country. That mentality translates into the organizations we have, creating a real dilemma for us in general.

I think it's natural for people to focus on immediate needs. The need, however, for long-term money planning, in general, exists. It's directly correlated to our absence of retirement, wills or bequests. Black folks are basically consumers, not investors. As a race, we save a smaller percentage than any other ethnicity in this country.—The Reverend Gary Simpson, Concord Baptist Church

Challenges to Endowment Building

Notwithstanding the success of the mega-churches, theologian and ethicist Dr. Walker E. Fluker, executive director of the Leadership Institute at Morehouse College in Atlanta, believes that if churches are to practice effective philanthropy they must:

- Provide technical assistance to increase competency and skills; and
 - Institute an ethics-based system of checks and balances to provide governance.
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“The Henry Lyons situation is but one example of widespread financial mismanagement among many black denominations,” says Fluker. (Henry Lyons, president of the 18 million member National Baptist Convention, is under investigation for misappropriating church funds.) Fluker does not believe that the mismanagement is willful and wanton but rather that it stems from “the collusion of power in one charismatic figure” who lacks the requisite financial skills but is nonetheless in charge of the money.

Regardless of their state of financial readiness, churches feel compelled to advance their efforts in social ministry. Fluker easily ticks off the names of more than half a dozen black churches that are active in philanthropy to some degree, pointing to the need for earnest collaboration and citing the failure of the National Economic Development Corporation formed by several black churches a few years ago as an example of the problem. In reference to that failure, Fluker relates, “They were going to spread the proceeds equally among the denominations, but couldn’t agree on the rules. There was no system of accountability and everybody wanted control.” Fluker believes that the solid foundation of democracy, bureaucracy and harmony that has allowed Anglo churches to move ahead in philanthropy has not been attained by black churches. Concerns over church management are not, however, limited to black churches. A recent article on faith-based charities that provide welfare-to-work services, reported that good works and poor management are present in many such programs.²²

Certainly, black churches do cooperate, especially when adversity strikes. One such show of unity came during the infamous burnings that ravaged black churches from 1996 to 1997.²³ The response from the Congress of National Black Churches, the world’s largest association of African-American churches, was a \$12 million rebuilding and anti-arson initiative. Their conviction to act swiftly and decisively convinced a number of national foundations to respond in-kind; the remaining funds required to rebuild are being raised through public and private sources.²⁴

Sullivan Robinson, executive director for the Congress of National Black Churches, is adept at obtaining foundation support for black churches and has a full understanding of the complexity of emerging new wealth for communities of color. She agrees that black churches are highly focused on “promoting their ministries,” which demand “operating funds, not endowments.” In her view:

While we have not yet mastered the mechanics of development, we are beginning to apply the concepts. I don’t think we’re at a level of development where we can properly connect our donor community with the recipient community to see a direct correlation between the emerging wealthy and their impact on the community. In other words, we have not been readily able to transfer this wealth to endowment funds for the organizations and churches that offer services in our community.

Although Robinson is open to the use of “organized foundations and community foundations” as vehicles for emerging African-American philanthropy, she does not believe their education, administration and tax benefits should exclude consideration of other vehicles.

In part, her caution stems from the lack of diversity in governance at established foundations. Robinson believes that how such demographics will affect struggling communities remains to be seen, especially regarding “the new awareness of needs for money to start endowment funds,” which may, or may not, be appropriate for community foundations.

Robinson points to the permanency of the black church and suggests that “advice and counsel will best help them understand how to handle endowment rather than direct them to have their endowment housed outside of the black church configuration.”

Sharon Foster Johnson is a Charles Revson Fellow at Columbia University and managing partner of the Resource Group. She facilitates workshops on stewardship for the Institute of Church Administration and Management in Atlanta. Through her work with the Institute, which is funded by the Lilly Endowment and the Ford Foundation, Foster Johnson meets pastors and lay people from all over the country. “I find certain factors are consistently present in black churches that engage in endowment building,” observes Foster Johnson. The four factors are:

- Stewardship;
- Capitalization;
- A strong social ministry; and
- An explicit culture of giving.

“At some point, churches make a conscious decision to reach for stewardship,” says Sharon Foster Johnson—defining stewardship as “education about giving.” These observations add credence to what others have cited as the timeliness of endowment. Foster Johnson states further:

Endowments represent a momentum to capitalize to take care of needs. As a result, endowment is influenced by whether the church is in a capital campaign, or has passed that stage, and has taken care of its bricks and mortar. Moreover, churches that are doing successful endowment have a strong social ministry so that “there is a purpose for the endowment.”

Foster Johnson points to biblical references to elucidate the culture of giving in black churches. The first scripture she quotes reminds that all that we own is out of God. Ergo, the practice of philanthropy returns a portion of that debt. The second relates that God loves a cheerful giver and commands us to give without expectation of return. Together, these beliefs support “a culture of giving in a church that has an endowment,” says Foster Johnson, putting special emphasis on the implicit to explicit transition of that culture.

Making an observation grounded in history, Foster Johnson points to another changing paradigm:

Our churches represented who we were, that is to say, people who went to work, had limited discretionary money and planned and budgeted in that manner. The stories, and by stories I mean “vision work” of the black church, were of struggle, survival and that ilk. Now we have discretionary income. Today, the stories of the black church are changing. Congregations are prosperous and wealthy with a focus that reflects not struggle, but “What do I do with my money?”

The Philanthropy and the Black Church Project was the first effort to recognize the key role black churches play in black philanthropy. Launched in the late 1980s, with funding from the Lilly Endowment and the Ford Foundation, the project was viewed as a means for bringing black churches and foundations together to understand better each others interests and the mutual support that could be shared.²⁵ The project developed a model process for relationship building between grantmakers and black church leaders. It has also led to assistance that can prepare churches to construct an infrastructure that can lead to endowment building.

In Detroit, a number of funders and black churches have worked together on a regular basis. As a result of these relationships, the McGregor Fund gave \$100,000 to Joy of Jesus for a project it is undertaking in conjunction with five black churches. The goal of this project is to match welfare recipients with mentors who can then help them find jobs.

Another effort of the Philanthropy and the Black Church Project is support for a project of the Hyams Foundation in Boston. The foundation has retained a pastor who, along with five other funders, provides technical assistance for capacity-building grants to black churches. While not endowments, these examples suggest a movement toward more organized and sophisticated, collaborative fund development for churches. As Foster Johnson points out, the progression from survival—bricks and mortar—to social outreach naturally leads to discussion of endowment.

It is clear that a strong movement exists among black churches to be more active in social outreach and economic development. Although the superstars mentioned here may be the exceptions, they are having a profound impact on the communities they serve and are wonderful role models for other black churches. Endowment building appears to be a natural extension for these well-developed congregations. Still, many struggle with fund development, especially when it relates to donor identification and cultivation. While members of church congregations are a captive pool, they are called upon to give to numerous causes, in addition to the church endowment.

Still, the black church offers a tremendous opportunity to advance philanthropy among African Americans, and the movement toward more sophisticated fund development and investment is well underway. With dramatic increases in social ministry and economic development projects, the time is right to offer education and technical assistance, especially geared toward endowment building. Of course, some churches are more ready to move to this level than others, and no church should be encouraged to move toward endowment until the basic needs—bricks and mortar—have been adequately addressed.

CONCLUSIONS AND RECOMMENDATIONS

Making the best better. This study of black philanthropy reveals that it is a movement that has gained a great deal of momentum in the past decade alone. Example after example of celebrity and non-celebrity donors now exist. Names such as Bill and Camille Cosby are now no more prominent than that of Oseola McCarty, an ordinary citizen who surprised the world with generosity that was greatly disproportionate to her circumstances.

Another example that black philanthropy is coming of age is the Aetna Calendar Project. In 1999, Aetna funded a calendar that features black philanthropists from various walks of life.

As more African Americans join the ranks of the affluent (incomes more than \$100,000 per year), their interest in philanthropy will increase, and the more affluent they become, the more their giving patterns will parallel those of white philanthropists.

In addition to individuals, black organizations—such as churches and fraternal organizations—are beginning to look to more sophisticated investment strategies. Notwithstanding the increase in interest and sophistication among African-American donors, a crying need for more education remains. Almost all of those interviewed for this study acknowledged the lack of understanding of how to optimize philanthropic strategies. Nearly every interviewee expressed frustration over the difficulty in attracting black donors—especially for endowment giving—because they lacked understanding of the notion of “perpetuity.” Still, many respondents, especially African-American organizations, had either established endowments or were at least thinking in that direction.

It appears that black philanthropy is in transition. Organizations are moving from a “survival mentality” to one of “long-term sustenance,” and individuals are moving from unstructured, unplanned patterns of giving to a more deliberate thought process. “We can’t give to everybody who asks, so I now sit down and think about which organization best fits my interests and which ones have done a good job in fulfilling their mission,” offered one respondent. “I really didn’t think as deliberately about my giving before, but I am being pulled in so many directions that I want to make sure I am channeling my resources where they will do the most good,” said another.

The idea of endowment is still new and in some ways inconsistent with historical patterns and preferences of giving. The roots for funding operations and current needs run deep. Many African-American donors want immediate feedback on how their donations were used. Most respondents engaged in fundraising echoed the sentiment that, “endowment giving is a tough sell.” Some believe that discussions of endowment are premature and that more basic education is necessary before moving to the more sophisticated concept of endowment. “I don’t think we are ready to talk endowment in the African-American community,” offered one respondent. “We need a lot more education on basic giving first.” Another respondent who is trying to start an endowment for his local fraternity, said, “I have a hard time convincing my fraternity brothers that endowment makes sense. They want to continue to have annual fundraisers and give out all that we make in scholarships.”

Keeping in mind that this research focused on the “affluent” donor, from an individual perspective, the three categories of givers appear to be: celebrities; high-income African Americans who are not household names; and lower income blacks who give disproportionate amounts of their income to charity—for instance, Oseola McCarty and Matel Dawson. Celebrities do not seem to want direction on how to be more effective philanthropists, even though they might benefit from such education. Motivated in part by public recognition, they often make decisions to establish charities with little professional guidance. They have the means to take risks and the inclination to be very individualistic in their approach to giving. If this group is

targeted for any special initiatives that may result from this research, peers or trusted financial advisors should be used to “deliver the message.”

The second group—high-income individuals who do not have celebrity status—appear to be prime candidates for targeted efforts to increase understanding of and ultimately influence philanthropic behavior. Many high-income blacks are first generation “of wealth.” One respondent who fits into this category commented:

We did not sit around the dinner table and talk about what charities we would support. Many of us were just surviving. We have little tradition or history for understanding how to do philanthropy at the level we can now afford. My family gave primarily to the church or on impulse based on an immediate need. At my income level, that is not the most effective way for me to give. But I have no other model.

Lacking another model, many high-income blacks will continue the pattern of giving generously but with little long-term planning.

Although the Matel Dawsons and Oseola McCarty's of the world are few and far between, it seems that this group would be well served by having more general knowledge about “philanthropy.” Access to information—through the popular media—would help the general public to understand how to optimize their limited charitable dollars.

Three categories of organizations also provide points of entry for philanthropy:

- The established, traditional African-American institutions—churches, service and fraternal nonprofits and colleges and universities;
- Private and family foundations; and
- United funds.

Established Organizations

In terms of philanthropy, traditional institutions are on a wide continuum that ranges from fledgling to thriving. Some mega-churches have achieved phenomenal success in raising millions of dollars for social outreach and economic development programs.

Still, this study found that the majority of African-American organizations think “small” in setting fundraising goals. Many of the endowments in traditional African-American organizations have assets of less than \$2 million. Yet, the opportunity to “raise the bar” relative to the potential exists—without taking away from their current success.

Three other consistent themes emerged from this study:

- First, support for endowments often comes from corporations rather than individuals;
 - Second, nonprofits lack sophisticated marketing and cultivation techniques—for example, they have no database of affluent African Americans; and
 - Third, many organizations lack the capacity to focus on endowment building.
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The Boule, the NAACP, and the National Council of Negro Women are examples of black organizations that have their sights on large endowment fundraising efforts. The United Negro College Fund also has a long successful history of raising money for college-bound African-American students. This fund has thrived under the leadership of William Gray; with the \$101 million raised in 1997, they have set aside \$22 million exclusively for endowment

On the other end of the continuum, numerous churches raise substantial sums of money but fail to employ sound investment strategies. The executive director of the Leadership Institute at Morehouse College in Atlanta, Walker E. Fluker, pointed to the lack of sound financial management practices among many black churches. Moreover, many local fraternal organizations use inordinate amounts of volunteer effort to organize annual fundraising events that yield very little return for the time and energy invested.

Private and Family Foundations and Community Foundations

Few African Americans are establishing private and family foundations. Of those researched for this study, most have been founded a generation or two ago by a family member. Some continue to fundraise, but others are more programmatic in nature. A number of celebrities select the public charity route, choosing to donate very little of their own money to the organization. Additional education on options for establishing foundations is needed. Community foundations can play a key role in advising affluent African Americans on their options.

United Funds

The Black United Fund movement is in transition. The movement toward recognition as a group of community funds will parlay the local funds to a new level of functioning that is quite distinct from the United Way. This new positioning affords an important opportunity to educate middle-class blacks both about philanthropy in general and about how they can optimize their charitable dollars in particular.

Recommendations

Understanding and honoring the roots of African American giving in its various forms—money, time and talent—is critical to advancing black philanthropy as it relates to endowment building. Starting with a mindset that builds on the strengths—the asset-based approach—several fronts could be addressed simultaneously:

- 1) Support capacity-building and technical assistance efforts for nonprofits to help them construct the foundations needed to begin to think about endowment building.
 - 2) Provide broad-based educational initiatives. Such initiatives might start with black churches. As churches begin to make endowment building a priority, individuals will gain a greater understanding of the concept and will be more apt to think about giving in this way. Start with the mega-churches and national denominational groups—for instance, A.M.E., Baptist—to forge alliances to promote endowment development.
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- 3) Use traditional, well-established organizations such as the Boule, fraternities, sororities, links, etc., to develop comprehensive visible educational programs. Most of the major black organizations host large annual conferences that draw 10,000 to 20,000 attendees and educational workshops on a variety of topics are routinely conducted at these conventions.
- 4) Develop a wide-net promotional campaign that covers the elements of philanthropy. Such a campaign would help fund development officers expose their boards to the charitable concepts that undergird philanthropy and familiarize potential donors with philanthropic strategies that fall within their means—for example, AALP sponsored by the Southeast Michigan Community Foundation.
- 5) Support training and education for fund development specialists, with an emphasis on how to cultivate major gifts.
- 6) Develop a comprehensive database of affluent African Americans for use by nonprofits.
- 7) Select several large African-American organizations—such as the NAACP, Urban League or the United Negro College Fund—to partner in a matching grant program for endowment. This would provide visibility for the concept while helping some established organizations enhance their endowments.
- 8) Focus efforts toward historically black colleges. These institutions need assistance in fundraising strategies. Increasing alumni giving would both boost revenues and raise consciousness about philanthropy.
- 9) Respect the importance of timing—life stages. The leap to endowment thinking—“permanence” and “in perpetuity”—may be premature for some individuals and organizations. As many respondents pointed out, although organizations in the survival mode are not ready for discussions of endowment, they could benefit from education and technical support that helps them optimize their philanthropic options.

Among middle-class blacks, there is a great deal of overlap among organizations with which they interface—their church, their fraternity/sorority, their alma mater. Launching efforts in several of these areas will result in a consistent, repetitive message about philanthropy and endowment. Such a message would begin to change long-held assumptions and ideologies about giving. Past traditions of giving must be honored and respected, but new models to leverage and optimize the philanthropic interests of African Americans must also be supported.

ENDNOTES

1. The history of African-American philanthropy has been well documented by Emmett Carson, CEO of the Minneapolis Foundation; James A. Joseph, current U.S. Ambassador to South Africa, and former CEO of the Council on Foundations; and others. The brief history provided here is only intended to highlight the evolution of African-American charitable giving.
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2. Emmett D. Carson. *A Hand Up: Black Philanthropy and Self-Help in America*, Joint Center for Political and Economic Studies, Inc., 1993.
 3. Ibid.
 4. Cheryl Hall-Russell and Robert Kasbert, *African American Traditions of Giving and Serving: A Midwest Perspective*, Indiana University Center on Philanthropy, 1997.
 5. U.S. Bureau of Labor Statistics, Current Population Survey, Washington, DC: U.S. Bureau of Labor Statistics.
 6. Independent Sector Survey, *Giving and Volunteering in the United States*, 1995
 7. See page 133-134 for a discussion of the mega church movement in black philanthropy.
 8. James A. Joseph, *Remaking America: How the Benevolent Traditions of Many Cultures are Transforming Our National Life*, San Francisco: Jossey-Bass, 1995.
 9. Emmett D. Carson, "African American Philanthropy at the Crossroads," *At The Crossroads: The Proceedings of the First National Conference on Black Philanthropy*, Rodney M. Jackson, ed., Virginia: The Corporation for Philanthropy, Inc. 1998. pp. 1-11.
 10. Cheryl Hall-Russell and Robert Kasbert, *African American Traditions of Giving and Serving: A Midwest Perspective*. Indiana University Center on Philanthropy, 1997.
 11. Ibid.
 12. See page 113 for a fuller account of philanthropist Ruth Batson.
 13. *The Securities Pro*, 1:8/9, Sept./Oct. 1996.
 14. Independent Sector Survey, "Giving and Volunteering in the United States," 1995.
 15. Paul Schervish, *Major Donors, Major Motives: The People and Purposes Behind Major Gifts*, Boston: Social Welfare Research Institute, Boston College, May 9, 1997. pp. 1-31.
 16. For a full discussion of the potential and challenges of building endowment within the African-American community, see pp. 122-132.
 17. Emmett D. Carson, "Strengthening African-American Philanthropy: Grant Making" in *At The Crossroads: The Proceedings of the First National Conference on Black Philanthropy*, Rodney M. Jackson, ed., Virginia: The Corporation for Philanthropy, Inc. 1998. pp. 72-93.
 18. *Wall Street Journal*, Jan. 29, 1996, p. 1.
 19. Ariel/Schwab Press Release, Apr. 8, 1998, 212/370-5483.
 20. Among the mega-churches are: Full Gospel A.M.E, Temple Hills Maryland (20,000 members); West Angeles Church of God in Christ, Los Angeles (15,000 members); Word of Faith International Christian Center, Redford Township, Michigan (12,000 members); Bethel A.M.E., Baltimore, Maryland (11,400 members); Windsor Village United Methodist Church, Houston, Texas (10,200 members); "Growing in Glory," *Emerge Magazine*, Apr. 1997.
 21. *Jet Magazine*, 92:13, Aug. 18, 1997.
 22. Paul Demko, "Faith-Based Charities to the Rescue?" *The Chronicle of Philanthropy*, Dec. 11, 1997.
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23. Not all of the damaged churches were African American. When the percentage of African Americans in the population was factored in, however, African-American church damage was disproportionately large. Angela Williams, the federal prosecutor assigned to the matter, said that in 1996, 86 African-American churches and 83 white churches burned. In 1997, the number of African-American church damaged dropped to 32 and the number of white churches damaged fell to 50. Source: Southern Education Foundation. National Office on Philanthropy and the *Black Church NEWS*, 1:1, June 1998.
24. Together the Lilly, the Andreas, Annenberg, Ford, W. K. Kellogg, MacArthur, Mott and Rockefeller foundations, along with the Pew Charitable Trusts, created a National Council of Churches fund with more than \$2.5 million in grants and pledges to restore the damaged or destroyed churches.
25. Darlene Siska, "Where Funders and Black Churches Meet." *Foundation News and Commentary*, June 1998.

METHODOLOGY

The research plan for this report allowed a broad look at both individual and organizational behavior relative to endowment building in the African-American community. As a part of the research, more than 30 interviews were conducted with affluent African-American donors and organization executives pursuing endowment development. Of these interviews: 11 were with individual donors; six were with representatives of churches building endowments; three were with Black United Fund executives; four were with representatives of black fraternal organizations; two were with intermediaries/advisors; and five were with other key informants such as members of the Association of Black Foundation Executives.

To provide a more complete picture of the trends in African American philanthropy—with specific emphasis on endowment building—comprehensive secondary research was also conducted. The research included a literature and Internet search.
