

November 14, 2009**WEALTH MATTERS**

Philanthropy Thrives, Even With Reduced Resources

By PAUL SULLIVAN

THE expectation in America is that people who do well give back to society. For the wealthy, it is one way to stave off charges of being greedy. And in the boom times, being seen as philanthropic seemed a social and political obligation.

But just as the downturn left the wealthy (and the rest of us) reeling from personal portfolio losses, their foundations also suffered [investment](#) losses that have affected their capacity to give. The Foundation Center in New York said this month that philanthropic giving in 2009 could fall as much as 13 percent. This has left many charities, particularly small ones, scraping for funds.

Yet Charles Bronfman, the former co-chairman of the Seagram Company and founder of the Andrea and Charles Bronfman Philanthropies, was quick to correct me when I asked him how philanthropists felt about the pressure to give back. "I never give back," he said. "I don't like that term. I give because I want to give. Other people give because they want to increase their social standing."

That may help explain why philanthropy has not dipped as much as people's net worth. "I think some donors are in a state of panic, which leaves them frozen in place," said Melissa Berman, president of Rockefeller Philanthropy Advisers. "But others have a more philosophical temperament and have continued on a steady course."

This has meant that the wealthy have become more creative with their philanthropic dollars. She noted that aid to large, stable institutions had been cut in favor of smaller organizations that might be struggling to weather the downturn. The big winners have been food charities, she said, while small arts organizations have suffered the most.

Yet Mr. Bronfman, who has co-written the book "The Art of Giving" with the president of his foundation, Jeffrey R. Solomon, said the philanthropic economy never dips as far as the economy and returns at the leading edge of any recovery. "It can be for guilt; it can be for pleasure; but at the end of the day, giving is something that makes you feel better," said Mr. Bronfman, who has been involved with philanthropy for 63 years.

To test this hypothesis, I decided to check in with three philanthropists I had spoken to in 2006. At the time, they were all overseeing personal foundations in a strong economy. Today, the one common thread is that they are seeking innovative ways to continue their philanthropy with diminished resources.

PARTNERING Donald and Barbara Jonas financed the Jonas Center for Excellence in Nursing in 2006. Their goal was to improve nursing care in New York City. The Jonases made their money from Lechters Housewares, a chain of home goods stores, and they seeded their foundation with the sale of \$44 million in art.

"We had our bumps in the financial markets like everybody else," Mr. Jonas said. "All of our commitments have been paid on time."

Their foundation has given out \$7.4 million in grants in the last three years and plans to continue spending \$3 million to \$3.5 million a year, even though its endowment has been hit, falling from a high of nearly \$48 million to \$26 million earlier this year. It is now back above \$30 million.

Mr. Jonas said the toughest lesson he learned was that other philanthropists did not want to give money to the Jonas Center. But, he said, they could be persuaded to donate money directly to causes the Jonas Center was supporting. It took him two years to realize this, he said, but since then he has brought in nearly \$3 million in matching donations.

They have recently partnered with the Robert Wood Johnson Foundation to help nurses upgrade their training from associate's to bachelor's degrees.

Mrs. Jonas said the center was now looking for partners for a program to help nurses get their doctorates. "They don't have to call them Jonas Scholars," she said. "They can call them whatever they want. We just want them to join in what we're doing." So far, six nurses have been helped.

A NARROWER FOCUS [Jeff Skoll](#), the former president of [eBay](#), led the drive to finance "social entrepreneurs" as part of what he called venture philanthropy. But today, the foundation he created has raised the bar for what it finances.

"It's no longer enough to make the case for social entrepreneurs," said Sally Osberg, president of the Skoll Foundation. "Resources have become much more precious."

The foundation, which has \$750 million in assets, a third less than before the market crash, is focused on giving additional funds to groups it has already financed, something it was not doing when we first spoke.

One example is Mindy Lubber, who in 2006 received a social entrepreneur grant of \$525,000 over three years. This year, Ceres, the organization she created, received an additional \$2 million for the work it is doing on pollution and [climate change](#).

"It's really driven by Jeff Skoll's appreciation for the imperatives of these large-scale issues," Ms. Osberg said, citing climate change, water scarcity and the continued conflict in the Middle East. "These are threats with catastrophic consequences."

CHARGING AHEAD Amy Robbins is taking an entirely different tack. A hedge fund executive until she left the industry in 2004, Ms. Robbins has increased her charitable work since we first spoke.

"I'm giving as much or more as I was giving before," she said. "Whatever pain we're feeling in this economy, those living in sub-Saharan Africa are feeling multiples of this."

In 2006, she had just given \$5 million to create the Mercury Fund through the United States Fund for Unicef. The Mercury Fund's goal was to be a first responder among charities, and this meant sending money to crisis areas within days, not weeks or months. It has made grants in 14 countries, including Burma and the Philippines. The fund has paid out \$3 million in the last three years and brought in an additional \$5 million through an annual ball that Ms. Robbins underwrote.

She declined to put a precise number on what Nduna, her family foundation, gives yearly, other than to say it is several million dollars. She said that her foundation lost a third of its value in the downturn but that it had continued to support all the organizations it had before.

Since the recession hit, she has stepped up her giving to programs focused on stopping the sexual abuse of young girls and groups working to reduce malnutrition in young children. "Their lives will never rebound if we don't do something now," she said. "Our financial capacities will rebound."

GENERAL TIPS More broadly, Ms. Berman said Rockefeller Philanthropy had been advising foundations on how to adjust their giving to reflect fewer assets in three basic ways. The first is to use a three-year rolling average of the foundation's value to determine donations. This allows you to give less but still hit the 5 percent annual disbursement required by federal tax laws.

A second solution is to lend money to a charity at a below-market interest rate. The difference in rates counts toward the 5 percent disbursement. And the third option is to invest the underlying assets of the foundation in community [banks](#) or other areas related to the foundation's mission.

"They need to focus on the organizations they care the most about," she said. "It may mean helping to find other donors."

Copyright 2009 The New York Times Company

[Privacy Policy](#) | [Terms of Service](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)