

What California Donors Want: In Their Own Voices



“If I had understood how vibrant the field of philanthropy was and how intellectually stimulating the challenges were, I would have gotten engaged earlier.”

EXECUTIVE
SUMMARY

What *California Donors Want: In Their Own Voices* is the first in-depth study of the goals, motivations, and challenges of leading California donors. This report provides a much-needed tool for community and public foundations, regional associations of grantmakers, lawyers, financial advisors, and others who support independent, philanthropic donors. What are the goals and motivations of California’s new generation of philanthropic donors? What resources do these community leaders access to help guide their giving strategies? What are the gaps in information currently available for donors, and what key challenges do these individuals face in becoming effective donors? *What California Donors Want* provides answers and context for these and other key questions. It will enable service providers to assist donors in realizing their philanthropic visions, thereby helping charities and communities in California to flourish in the coming years.



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

For more information on this report, or to schedule an interview with the authors, please contact the National Center at 202.293.3424. A copy of the full report may be downloaded at www.ncfp.org.

“We were surprised by the scope and depth of the needs in this community. We had no idea that there were so many agencies and how much work it takes to know which ones are most effective.”

CALIFORNIA: LEADER IN PHILANTHROPY AND STATE IN TRANSITION

California, the country’s most populous state and the world’s fifth largest economy, has long been considered a bellwether state for national economic and social trends. This leadership is nowhere more apparent than in the recent dramatic growth of family philanthropy. California’s unprecedented prosperity in the 1990’s was accompanied by an unprecedented increase in philanthropy. Californians during this period formed new family foundations and donor-advised funds at a record rate.

While this trend has slowed with California’s current fiscal crisis, new donors are continuing – and will continue – to enter the field. They now do so, however, at a time when the nonprofit sector in California is grappling with huge cutbacks. More than ever, California needs informed, thoughtful, and imaginative donors. While the field of philanthropy has done an excellent job of developing educational programs for established foundations, it has been less successful in reaching and assisting the growing number of these new donors.

PURPOSE OF THIS STUDY

Experience has shown that the critical time for educating new donors is at the point of entry. Too often, however, donors make their initial, long-term decisions about giving vehicles when they have the least amount of information about their options. Timely assistance can make the difference between donors feeling frustrated and lost or feeling supported and optimistic.

To discover how the field of philanthropy can reach and provide essential services to new California donors, the National Center for Family Philanthropy in Washington, DC launched the California Initiative in January 2000. The National Center sought the services of the McElwee Group in Los Angeles to design this study, the first in-depth look at new and relatively new California donors. The study is intended for individuals and organizations that support donors with a variety of services. *What California Donors*

Want was funded by the James Irvine Foundation and has been guided by the California Advisory Committee, chaired by Shirley Fredricks of the Lawrence Welk Family Foundation and comprised of some of the most respected philanthropic leadership in the state.

METHODOLOGY

Names of prospective interviewees were generated by the National Center for Family Philanthropy; consultant Jan McElwee; members of the advisory committee; and colleagues in the field. The sample was not intended to be proportionally representative of California donors. Rather, the goal was to assemble a varied group of donors that included different age groups, racial and ethnic groups, and inheritors as well as those with earned wealth. One of the biggest challenges was finding donors from different ethnic groups to participate in the study.

The research team conducted 27 interviews with 32 individuals. Donors lived primarily in the major metropolitan areas and represented the predominant racial groups in the state. The oldest was 85 and the youngest was 27; their annual giving ranged from \$40,000 to \$6.7 million. Besides the donors, the sample also included a lawyer knowledgeable about philanthropy, an executive director of an organization serving primarily high-tech donors, and two CEOs of new California foundations established by two of the wealthiest individuals under 40 in the U.S.

The interviews were conducted in person at the interviewees’ home or office. Due to scheduling conflicts, three interviews were conducted by telephone. The focus of the interview was a questionnaire composed of 25 open-ended questions clustered in four areas: motivations and rewards, challenges of giving, existing support networks, and future support needed. Interviews lasted between one and three hours. Participants were promised complete confidentiality. Although verbatim quotes appear in the report, donors and their foundations are anonymous.

“We wish that we could have taken a class or workshop along the lines of, ‘So You Want to Start a Foundation,’ before we got started. We’ve been able to find the help we needed, but it’s taken us much longer than it should have.”

“Our financial advisor and lawyer talked to us about taxes and charitable options, but no one ever talked to us about the possibilities of what we could do with our foundation.”

WHAT NEW CALIFORNIA DONORS WANT

The report features the voices of the donors themselves, including a variety of comments related to what these individuals see as the most-needed services for new California donors. Specific suggestions included:

- **Comprehensive, unbiased, value-neutral information about charitable options presented in simple language**

New donors reported that they were often confused by explanations of charitable options presented in print and by their legal and financial advisors. Advice received often ignored personal and family factors that influenced donors' choices of charitable vehicles. Moreover, many legal and financial advisors lacked knowledge of the full range of charitable options.

- **Assistance in connecting with a network of national and regional resources and support groups at the point of entry**

Many new donors were newcomers to the field of philanthropy. Unaware of national and local donor resources and unaccustomed to talking to outsiders about money, they lacked the information and contacts to get off to a confident start.

- **Information about “best practices”**

New donors quickly encountered the eternal dilemmas of how much to give, how often, and to whom. Some didn't know where to turn for guidance, and others felt overwhelmed by too much information. They looked to experienced donors for guidance on “best practices.”

- **Information about the challenges of involving children in family giving programs**

All of the new donors who were parents envisioned their giving as a family endeavor in which they and their children would share the work and the rewards of philanthropy. However, some children showed neither interest nor enthusiasm for participating. Donors wished that someone had alerted them to the challenges of engaging children before they got started.

HOW THE FIELD CAN SERVE NEW DONORS

Those interviewed offered a wide variety of creative and candid suggestions for how the field can better serve new donors, including:

- Offer more peer-learning formats that break down barriers among donors and help end feelings of isolation or working in a vacuum
- Develop community foundations, public foundations, and regional associations of grantmakers as hubs for new donor education and as vehicles that help new donors become a part of their communities
- Clarify services provided to donor-advised funds
- Make a persuasive case for fees for service charged to donors
- Expand outreach to individual donors
- Develop new strategies to reach minority donors
- Listen to young donors forging new approaches to giving
- Build more bridges between the business and nonprofit sectors
- Educate new donors about the needs of the state that reflect the current economic environment.

“I’m sorry that my siblings and I didn’t start a foundation when my parents were alive. They concentrated on creating wealth. They didn’t know the fun of developing philanthropic projects or how much impact a family foundation can have on a community.”

POSSIBLE STRATEGIES FOR ACTION

The report concludes with a summary of suggested strategies for future activities to support new California donors. These strategies will be explored by the California Advisory Committee and California's various local donor networks.

- Develop a public information campaign to educate Californians about the impact of philanthropy on the state and the resources available to assist new donors
- Create a California Philanthropy website listing donor resources throughout the state and providing links to national resources
- Create common, agreed-upon definitions of charitable options to be used and distributed by lawyers, financial advisors, regional associations, and community foundations for all donors at a point of early entry
- Increase the number of ongoing, peer-learning programs
- Develop a print or CD-Rom "user guide" that offers tips on how to assess advisors (lawyers, financial advisors, and community and public foundations) and their advice. Include information on national professional associations and regional associations of grantmakers.
- Create a resource guide for legal and financial advisors that includes an annotated list of national professional associations and regional associations of grantmakers
- Provide legal and financial advisors with lists of publications about the challenges of involving children in family giving programs
- Expand the specialty area of philanthropic coaching and mentoring
- Develop philanthropic materials aimed at a lay audience rather than at philanthropic staff
- Modify membership restrictions and programs at professional and regional associations of grantmakers to include support for individual donors.
- Develop community foundations and regional associations as philanthropic educational centers
- Encourage more businesses to educate high-income employees about philanthropy
- Invite business leaders who serve on nonprofit boards to discuss the work of the nonprofit sector in business school classes, at companies, and on panels at business conferences
- Reach out to ethnic minorities through the boards of nonprofit organizations on which they serve in their communities
- Invite small groups of minority donors to meet members of local donor support organizations

ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY

The mission of the National Center for Family Philanthropy is to promote philanthropic values, vision, and excellence by the new generation of donors and donor families. Our understanding and experience with the very personal act of giving ensures these donors and their advisors have access to the highest quality information and the encouragement needed to:

- Articulate, pursue, and achieve their charitable missions;
- Understand and meet their governance and management needs; and
- Have a significant positive impact on the lives and work of those they support

The National Center is a nonprofit, 501(c)(3) organization.

ABOUT THE AUTHORS AND ORDERING INFORMATION

What California Donors Want: In Their Own Voices was written by Deanne Stone and Jan McElwee. Printed copies of the report are \$20 (discounts for multiple copies are available), and may be ordered online at www.ncfp.org or by calling 202.293.3424.

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