

Increasing Accountability: A Look at the United States National Committee for Responsive Philanthropy

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In an era when there has been disappointingly slow movement on the part of private philanthropy in both the United States and Canada to full accountability, the work of the National Committee for Responsive Philanthropy (NCRP) in the United States has been exemplary. This paper focuses on some of the work undertaken by this non-governmental coalition which has been established to increase the accountability of private philanthropy, especially foundations and government. While the NCRP has been at work only in the United States, readers are invited to consider the applicability of the NCRP's function and approach to the Canadian situation.

History of NCRP

The National Committee on Responsive Philanthropy (NCRP) was founded in 1976 as a coalition of organizations concerned that philanthropy was not responding to the newer organizations meeting newly-perceived needs. The coalition includes advocates for the poor, minorities, the elderly, women, the handicapped, children and Vietnam veterans, as well as groups concerned about the environment, neighbourhoods, and the public accountability of government and business.

NCRP evolved from an effort to have the perspectives of smaller, less-established, under-funded charities considered and included in the Filer Commission's study of private philanthropy and public needs. It challenged the findings and recommendations of the Commission regarding the status of the non-profit "Third Sector" in the United States and the changes needed in it by publishing its own report *Private Philanthropy: Vital and Innovative? Or Passive and Irrelevant?*

NCRP's primary and related objectives are: i) to increase philanthropy's accountability to the public and increase public accessibility to all charities (charitable organizations) in order to increase philanthropy's responsiveness to changing public needs and ii) to increase the amount of philanthropic money going to "non-traditional" groups.

In its literature NCRP states that it undertakes research, publishes reports, participates in legal action, analyzes government policies, and works with local and national organizations and leaders of private philanthropic institutions to change policies, procedures and patterns of private funding so that they will be more responsive to critical public needs.

Increasing Dollars to Non-Traditional Groups

NCRP's efforts to increase the amount of philanthropic money going to non-traditional groups are exemplified by a report to the National Commission of Neighborhoods, *New Approaches to Increase Private Funds for Neighborhood Organizations Development*.¹ The report concentrated on private institutional funding and new institutional arrangements, recommending changes which would open up funding from private individuals, corporations, foundations, the United Ways and, indeed, all sources, to neighbourhood organizations.

In its study, NCRP attempted to answer questions such as: what are the factors which limit private philanthropic funding of neighborhood groups, particularly for organization development purposes? How are these factors changing in importance? What new developments in the world of philanthropy would hold promise for increased private funding of neighbourhood groups? The focus was on private funds for development of neighbourhood organizations, rather than private funds for neighbourhood programs.

NCRP's report was incisive and comprehensive, and challenged Third Sector organizations to take "vigorous shrewd, and lengthy COLLECTIVE action . . . to make the structural changes which can open private coffers . . ." It did not dodge controversial issues such as the opening up of the opportunity for workplace solicitation and contributions through payroll deduction to most charities, not just the United Ways.

Following publication of this report, Robert Bothwell, director of NCRP, continued, in a variety of publications, to propose changes to make the tax system more equitable for charitable giving. For example, in the *National Journal*, he proposed an "optional 30 percent tax credit with no limitation" which would spur more giving, and provide a small tax cut for most donors who were not rich, and which would provide a stimulus to many relatively new groups involved in social action.²

These proposals were included in NCRP's testimony before the United States House of Representatives' Committee on Ways and Means.³

Increasing Accountability and Accessibility

NCRP also moved vigorously to achieve its other goal: increasing philanthropy's accountability to the public and increasing the accessibility of all charities (charitable organizations) to private philanthropy, with a study⁴ of the public information reporting of 208 of the country's largest foundations. This report, *Foundations and Public Information: Sunshine or Shadow?*, released at a press conference during the annual meeting of foundations, burst like a bombshell. It focused on foundations' efforts to inform the public for three reasons. First, because information is essential if the public is to evaluate foundation performance, to influence foundation priorities, and to guard against foundation abuses. Second, information is required to help ensure that all grant seekers have access to foundation funds. Third, the information a foundation provides to the public is a basic measure of its accountability.

When conducting the research for this report, NCRP found it was necessary to make as many as six written or phone requests for information from each foundation. Even then there was an overall response rate of only 75 per cent. (The 208 foundations surveyed included the 150 largest grant-making foundations, the 30 largest community foundations and the 28 largest corporate foundations.)

The study used a rating form which examined 22 key items of information in five categories:

- 1) Grant-making interests and policies (e.g., statement of program/funding priorities);
- 2) Grant proposal application and evaluation procedures;
- 3) Recent grants data (e.g., names and locations of recipients);
- 4) Governance information (e.g., list of board of directors/trustees); and
- 5) Finances (e.g., simple information about income, expenses, assets and liabilities).

The report was a devastating exposé of the foundations' lack of public disclosure. (So much so that NCRP lost one of its own funders which had been rated "unacceptable".)⁵

The study concluded that almost 60 per cent of the country's largest foundations did not meet an "acceptable" standard for providing information to the public, and found that half had refused to provide any information to the public when requested. Of the other 40 per cent, only a few (four per cent of the 208) scored "excellent". The most neglected categories were financial information, followed by information about recent grants. Community foundations most consistently provided essential information, private foundations came next and corporate foundations were the least informative.⁶

In addition to these findings, the report contains an excellent discussion of "accountability", a much-used but little-understood concept. It suggests that to be "open" requires an institution to be "answerable" and "responsive". Thus, an institution committed to being "open" needs to be willing not only to provide information *to* the public but also to absorb information *from* the public. Openness implies a commitment to act on received information and public perspectives and a willingness to permit the public to affect the institution. Donors and the public have traditionally required that those receiving philanthropic funds should provide information so their performance can be monitored and evaluated. The report held that donors, in this case foundations, should face the same requirements. (It is interesting to note that in Canada, we have not yet witnessed a similar strong consumer movement demanding, or even encouraging, the public "accountability" of funding institutions.)

Following the release of the *Sunshine or Shadow?* report, NCRP continued to make its views heard. For example, it submitted a *Proposal to Reduce the*

Foundation Payout Requirement and to Improve Foundations' Public Accountability to the United States Senate Committee on Finance,⁷ and provided information to its members on a more equitable distribution of Combined Federal Campaigns (CFC) undesignated contributions: a new donor option in effect in all local CFC campaigns. It also undertook to inform employees of their right to designate gifts.⁸ However its main efforts have been directed towards increasing the eligibility of nontraditional and activist charities for traditional philanthropic programs or funds. The number of national charities participating has now grown from approximately 20 to over 150, while hundreds of local unaffiliated charities have also been added.

A New Breed: Charity Activists

The work of the NCRP has revealed, and promoted, the emergence of a new breed of charity activists who are no longer willing to tolerate charities' dependency on the whims of private philanthropy which they see as unwilling or unable to pick up the slack in funding left by the Reagan government's cutbacks in funding for human services. These activists question the impartial benevolence of a private philanthropic sector which is controlled by an economic and political elite which also serves on the boards of major charities and decides what to do with charitable dollars and are unwilling to perpetuate the traditional model of "charity" which is based on concepts which consider those who need help as being unable to solve their own problems. They wish to revive the "community development" approach: a concept of charity which directs its efforts to helping people to solve their own problems.

NCRP wants to end the United Ways' monopoly of fund raising through payroll deductions, moving beyond the "donor option" systems which United Ways have introduced to allow individuals to specify which (member) charity gets their donations. Rather, NCRP wants charities to be able to make their own representations to funding sources and designate their own causes. At the same time, it also wants foundations and corporations that give money, and the nonprofit community service organizations that spend it, to be more relevant to current social needs.

Pablo Eisenberg, President of the Center for Community Change, and a leader in NCRP, challenges charity activists:

... to break the mystique of philanthropy ... to break that tradition, to stop being beggars and to become partners in philanthropy, to hold the philanthropists accountable, to call into question their procedures and their processes of decision making ...⁹

At the same time, charity activists, such as the NCRP, have not succumbed to the temptation to take a purely negative and critical view of the role of private philanthropy. One of NCRP's most constructive initiatives has been the presentation of a clear vision of the promise of philanthropy in our contemporary society—a reformed, responsive philanthropy. To realize this potential, NCRP called on philanthropies to:

. . . acquire a new sense of the enormous potential of the money they distribute . . . a source of support for people with new ideas. Any society, if it is to avoid stagnation, must find a way to support its visionaries. Philanthropists need to take more chances with such people, to seek them out, to stimulate them (and) . . . philanthropy should encourage and support groups that identify and address discriminatory inequities and emerging social problems.”¹⁰

In a series of articles in the *Grantsmanship Center News*, NCRP questioned the “enclave mentality” of foundations and their need to implement changes in organization, accessibility and accountability.¹¹ It pointed out that foundations’ cavalier treatment of requests for funding by non-profits not only degrades grant seekers, but hurts foundations themselves by eroding their base of potential support and limits their ability to use their very limited resources to improve society. It cited evidence of an unbalanced relationship between grant seekers and foundation officials, implying a lack of mutual respect and appreciation:

Despite signs of improvement, inquiries among people who have sought grants still turn up one unhappy, frustrating experience after another; phone calls not returned; phones not even answered; proposals not dealt with after their submission was encouraged; foundation officials who are forgetful, flip, arrogant; foundations that are uncommunicative about their goals, procedures and reasons for rejecting proposals.”¹²

This is not the kind of comment private philanthropy wants to hear, but it needs to hear criticism which, in the final analysis, may help to move it into the twentieth century where it belongs.

The kind of sustained, informed criticism provided by the NCRP has not been without its successes, although it has put the organization in a precarious financial position from time to time. Because it has tried to move the established philanthropic institutions into being more responsive to those outside the social and economic mainstream, NCRP has been an instrument of reform in the philanthropic community that has met with more than modest success, while operating in an environment which is highly traditional and resistant to change. Its achievements deserve to be acknowledged, examined, and heeded.

Currently, NCRP has begun to sketch out a third major concept of charity as: a form of giving that benefits the general public and simultaneously benefits the giver. An obvious example of this type of charity would be people who make tax-deductible gifts to arts organizations around which their social lives are built. This third conception of “charity” can also be seen in the increasing numbers of neighborhood support groups—locally initiated and controlled groups which provide necessary community support services to needy people in the neighbourhood while providing opportunities for other people in the neighbourhood to be involved in, and contribute to, community life.¹³

At this time, less than 10 per cent of all profit-making corporations in Canada make charitable donations. In the 1980's, as government funding decreases and charities' needs increase, corporate support will need to be vastly increased.¹⁴ To encourage private philanthropy to provide more funds, and do so in a more accountable manner, we will have to develop a counterpart to the NCRP in Canada.

The Canadian preference for compromise and accommodation, as opposed to effective monitoring and confrontation, will make it even more difficult to develop an organization which provides continuing monitoring and criticism of philanthropy in Canada than it was in the United States. The difficulties are compounded by a correct perception that such an organization will result in dramatic changes. Nor will support be easy to attract. For all its vigour and ingenuity, the NCRP remains a David facing a hardy Goliath:

Although NCRP has bugged persistently, some would say irritatingly, the well-fed foundations and combined charities that have been its principal targets have generally swished their tails and continued grazing.¹⁵

Granted, the Council on Foundations has, after a long and contentious process, adopted a set of principles and practices for foundations. A recent article noted that the Council:

... has promoted discussion of this need for nearly two decades—but the task has never been easy. Imbued with strong traditions of independence, some foundations have resisted anything that smacked of 'requirements'.¹⁶

The Council's *Statement of Recommended Principles and Practices for Effective Grantmaking* was adopted in 1980, but many foundation leaders have seen it as meaningless without a commitment by organized philanthropy to make the statement a reality in their practices.

The influence of the NCRP in moving the foundations to adopt and use such a statement is seldom acknowledged by the foundations themselves but it seems to have been a positive factor. While the move to "accountability" has not yet become a stampede in the United States, in Canada, the grazing of the well-fed foundations continues virtually undisturbed in an idyllic setting.

To increase private philanthropy's accountability for the common good, and to create a more viable and effective service system, are goals that Canadian charity activists can adopt today while they begin to make more informed and assertive efforts to achieve them.

FOOTNOTES

1. National Committee for Responsive Philanthropy, *New Approaches to Increase Private Funds for Neighborhood Organizations Development*, a Report to the National Committee on Neighborhoods (Washington; NCRP, November 15, 1978).
2. Robert O. Bothwell and Timothy P. Saasta, "Proposals for the Charitable Deduction: Making the Tax Code More Equitable, *National Journal*, Vol.7, No. 8, 1978, pp. 1108,1109.
3. Testimony before the Committee on Ways and Means, United States House of Representatives. Published as *The President's Tax Proposals and Proposed Legislation to Provide Federal Tax Incentives to All Taxpayers to Make Charitable Deductions or Take Their Standard Deduction on their Income Tax Returns*, (Washington: NCRP, April 4, 1978).
4. National Committee for Responsive Philanthropy, *Foundations and Public Information: Sunshine or Shadow?*, preliminary findings from a *Study of the Public Information Accountability of the Country's Largest Foundations* (Washington: NCRP, May 1980).
5. Robert O. Bothwell in a conversation with Robert Doyle, June 1983.
6. In a recent newspaper article, the president of a major bank in Canada stated that he believes many firms withhold information "because they fear they will be deluged with an even greater number of pleas for assistance." Cited in "How Charitable are Canada's Boardrooms?", *Toronto Star*, Sunday, August 11, 1985, p.F1.
7. Robert O. Bothwell, *A Proposal to Reduce the Foundation Payout Requirement and to Improve Foundations' Public Accountability*, a statement to the Subcommittee on Taxation and Debt Management, Committee on Finance, United States Senate, March 30, 1981.
8. National Committee for Responsive Philanthropy, *The Combined Federal Campaign. Final CFC Regulations were issued August 16*, Information Bulletin issued August 24, 1984.
9. Pablo Eisenberg, quoted in "The Challenge of Charity Activists: Coalition Criticizes Methods of Establishment Giving", *Los Angeles Times*, Wednesday, January 23, 1985.
10. Robert Bothwell and Timothy Saasta, "From the Committee for Responsive Philanthropy: A Commentary", *The Grantsmanship Center News*, January/February 1979, pp. 84,85.
11. Robert Bothwell and Timothy Saasta, "The Enclave Mentality", *The Grantsmanship Center News*, July/August 1980.
12. Robert Bothwell and Timothy Saasta, "What We Have Here is a Failure to Communicate", *The Grantsmanship Center News*, November/December 1982.
13. Peter Clutterbuck, *Neighbourhoods Under Stress. Report of the Joint Task Force on Neighbourhood Support Services*, (Toronto: Social Planning Council of Metropolitan Toronto, 1984).
14. Samuel Martin, *An Essential Grace: Funding Canada's Health Care, Education, Welfare, Religion and Culture*, cited in the *Toronto Star*, Sunday, August 11, 1985, p.F1.
15. Roger M. Williams, "NCRP's Troubles", *The Grantsmanship Center News*, September/October 1981, pp.49-53.
16. Margo Viscusi, "Coming of Age", *Foundation News*, May, June 1985, pp.26-35.