

The New Dynamic In Today's Philanthropy

by Charles Bronfman

Special To The Jewish Week

Change is not simply a political slogan. Everywhere you turn, private philanthropy is increasing, collective philanthropy is not, and so the marketplace is redefining the dynamic between the two.

According to Paul G. Schervish, director of the Center on Wealth and Philanthropy at Boston College, the biggest change in philanthropy in the last 50 years has been that philanthropists once gave to nonprofits to fulfill the nonprofits' mission, whereas now they give to nonprofits to have the nonprofits help them fulfill their own missions.

Donors, big and small, want to do more and do it more directly. This is not solely a Jewish challenge – just ask the leadership of United Way or Catholic Charities – but it affects everyone who cares about the future of the Jewish community. Individuals, family-run foundations, federations, agencies — all invaluable and committed entities in the business of tikkun olam — are in this together.

Jewish philanthropic institutions have been seeking ways to reinvent themselves. Older philanthropists — anxious to instill their values in future generations — have been creating their own initiatives, but are realizing how steep the learning curve can be to implement even the best of their visionary intensions. Younger philanthropists — with enthusiasm and deep pockets — have been engaged in a frequently frustrating search for seats at tables where they can make a difference and find their values being served.

Concerned and wise individuals, who have preceded me on these and other pages, have suggested that private and institutional do-gooders will have to embrace a new spirit of partnership in order to advance all of our agendas. Certainly, solutions can emerge from our challenges. The question is: Will they?

I have been outspoken about adjustments the federation system must make to remain relevant in this new philanthropic environment. But it has never been my intent to denigrate the critical and wonderful work of the North American Jewish community. If I have stated my case with an edge, it is out of love and a passionate commitment to see Jewish communities flourish.

I feel I must challenge those in leadership positions — those who have the

capacity, the determination and the experience to serve our people well — to take advantage of opportunities for meaningful engagement with a new generation of donors.

Where are these opportunities of which I speak? The simple answer is: with the donors.

In North America we have become a narrow-casting society. There's a choice for every niche interest. I've lost count of the number of single-interest television and radio channels, Web sites, magazines and boutique shops. But, for GenX and GenY, this is the norm. They expect choice.

Philanthropically, the same thing is happening. Choice has become a value that informs other values, including Jewish values. Jews still want to give. They are still driven by Jewish values. But, as most recently pointed out by sociologist Gary Tobin's research, they frequently have philanthropic interests outside the range of traditional Federation programs.

The result? The federation system has seen its donor base drop from approximately 900,000 to about 550,000. Many of these donors have sought and found other niche-interest options.

If you take a look at Jewish wealth and you look at the decline in the federations' annual campaign, crisis-giving aside, somewhere there's a disconnect. Money going to Israel is actually up, but not through the annual campaign. People are giving in their own ways — to a kindergarten, to a hospital — for the common good.

At the same time, we see an increase of more than 12 percent in the dollars going to federation-sponsored, donor-advised funds and supporting organizations. That seems to reflect the solid nature of the federation brand.

Annual campaigns continue to support communal needs and to fund domestic and overseas agencies, as well they should. They have done a good job of this. And crisis-driven campaigns continue to do what the federation system does best: help Jews in dire circumstances wherever they may be.

But collective responsibility is taking a new form. In ever-increasing numbers, we find niche-givers taking responsibility for niche needs across the community, bringing new poignancy to the concept that every Jew is responsible, one for the other.

There are abundant opportunities for federations to reform around this new dynamic, and there is no better model of this 21st-century federation than Toronto. Ted Sokolsky, president and CEO of the Toronto Federation, reports that 10 years ago they were raising \$36 million annually, of which \$33 million came from the annual campaign. Last year the annual campaign alone raised \$66 million while total giving to the federation approximated \$200 million.

Toronto has done this by bringing in entrepreneurial philanthropists and involving them in creating a vision for community building. According to Sokolsky, “Everyone thought this approach would cannibalize the annual campaign. But, in many cases, these donors developed so much respect for us that they turned around and gave us an unrestricted gift to the campaign.”

Obviously, there are more elements to this story and to similar successes enjoyed by some other federations. Essentially, however, they are partnering with private donors and private foundations. In exchange, they are recapturing both dollars and fresh ideas that have been draining from the federation system for some time now.

The truth is these federations are becoming centers of philanthropy and not just annual campaign managers. It’s a model that, in my opinion, every federation is going to have to embrace in order to attract entrepreneurial donors.

For example, the Harold Grinspoon Foundation has launched PJ Books, a unique initiative to engage Jewish families in Jewish life and influence the Jewish identity of future generations. Their business model relies on funding partnerships with local entities, including federations. This program has already taken root in 23 U.S. states and many more communities.

At the Andrea and Charles Bronfman Philanthropies, we have supported and developed community-building ideas with projects like Reboot, Slingshot, 21/64 and birthright Israel. We, too, are asking federations to partner with us to invest in Jewish innovation.

Granted, federations will have to be willing to change their notions about financial control for these partnerships with private philanthropy. Yet, problematic as this new dynamic appears on the surface, there remains a vital relationship between private and collective philanthropy. I truly believe that if federations offer programs that reflect not only core Jewish values but also the values of today’s donors, the philanthropists will come.

With more than \$8 billion under some form of federation system management, it is clear that people still value the system enough to park money there. They simply want to follow their hearts and their dollars. They want to be excited and they want to be involved. You cannot get excited about writing a check. You can get excited about having an impact.

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