The Center on Philanthropy & Public Policy

WEALTH, TAXES, AND THE NEW PHILANTHROPISTS

Eleanor Brown

Research Paper - 2
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UNIVERSITY OF SOUTHERN CALIFORNIA

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Introduction

The term "new philanthropy" is often invoked in descriptions of the hands-on, entrepreneurial style of charity practiced by many new foundations and newly rich benefactors. "New philanthropy" often bespeaks a concern with addressing present-day social issues, and with getting results. "Old philanthropy," by contrast, might be more closely associated with large and hallowed cultural organizations whose missions are timeless and whose excellence is assured.

When big money rests in the hands of the few, good gossip columnists may have more to say than scholars about the future direction of philanthropy. Happily for academics, part of the phenomenon of new philanthropy is an unprecedented dispersion of what Andrew Carnegie termed "surplus wealth" across a large proportion of American society. New fortunes have been made in entertainment and high-tech industries; small fortunes will be inherited in the next twenty years as post-World War II wealth passes from one generation to the next. In this paper, I review some of the academic research on philanthropic behavior. I try to keep in mind emerging trends in the distribution of wealth, and how existing research can give us clues to the philanthropic impulses of new philanthropists.

To predict the impact of the new philanthropy on nonprofit organizations and their constituencies, we must know something of philanthropy that is not new. Such contrasts will guide us in extrapolating what we know of the donative behavior of not-new philanthropists into an age in which new benefactors become increasingly significant in the aggregate picture. Accordingly, this paper begins with two classic snapshots of established modes of philanthropy. Against this backdrop, we can reflect on wealth and philanthropy as we find it in California today. I then consider the tax environment in which philanthropy is carried out, and review research on the effects of taxation on the giving behavior of the wealthy.

Two Not-New Models of Philanthropy: High Society and the Robber Baron

The new philanthropy is emerging in an era of widespread wealth. This dispersion of wealth is across geographical regions, and cultural and class backgrounds, and as such it stands in contrast to two earlier forms of philanthropy. First, there is the largesse of upper-class society, within which philanthropic involvements are both occasions for socializing and markers of status. Ostrower (1995) explores the current state of philanthropy among the wealthy of New York City, and finds social standing to be an important motivating force. Second, there is the philanthropic disposition of fortunes amassed through business by persons whose actions are shaped by a strong work ethic and a desire to give back to the society in which they have fared so well. Andrew Carnegie's vision of philanthropy is an example of this kind of thinking, one example from an earlier time in which "surplus wealth" lay only in the hands of a few.

In her insightful look at philanthropy in New York City, Ostrower gives a vivid picture of the role of charity in an old-money, high-society town. In her sample of 99 New Yorkers drawn from the donor lists of 48 large nonprofits and interviewed in 1987 and 1988, social standing and philanthropic activity are intertwined. She writes:

> Indeed, privileged access to prestigious settings represents another return to

> donors for philanthropic contributions, as seen, for instance, in charity benefits and private performances. The lavish backdrop against which philanthropy occurs, in turn, contributies to retaining the identification between philanthropy and prestige. Many donors, who are also fundraisers for causes, stressed the importance of this. (Ostrower 1995, pp. 38-39)

Positions on the boards of directors of major cultural institutions bring status and financial obligation. This social structure does not entirely serve to maintain the social status quo; while membership on the boards of elite institutions was more likely for members of the social elite, with the strongest effects seen in cultural institutions, seats on boards were also open to large donors and to persons with potentially lucrative business ties. On the other hand, the willingness of the wealthy to make commitments to organizations that confer status does serve to reinforce the status quo among charitable institutions. Institutions with less social status are less competitive for the money of the rich when the rich seek to acquire status via philanthropy.

Among Ostrower's elite group of New York donors, educational and culture institutions were the most frequently chosen causes. In the twelve months prior to their interview, fully 92 percent of the sample had made a contribution to a college or university, and 69 percent had given one of their three largest gifts to education. Cultural organizations were second in importance, receiving major gifts from 43 percent of the sample. In a city with a visible social elite and major cultural institutions, this classical form of "elite philanthropy" funnels funds to elite nonprofit organizations.

An alternative constellation of motivations can be found in the philanthropy of persons whose identities are shaped by their place in business. In his 1889 essay now known as his "Gospel of Wealth," Andrew Carnegie, born poor and grown rich in the embrace of capitalism, proposed an approach to the disposition of wealth that bears some resemblance to today's new philanthropy. Carnegie, like his modern entrepreneurial counterparts, viewed capitalist fortunes as legitimate; he also viewed actively monitored philanthropy as their favored form of disposition. After dismissing the alternatives of leaving surplus amounts to heirs or bequeathing wealth upon death, Carnegie describes the capitalist's best course of action as investment in the sorts of public infrastructure that make capitalism serve the interests of the masses.

> There remains, then, only one mode of using great fortunes; but in this we have the true antidote for the temporary unequal distribution of wealth, the reconciliation of the rich and the poor—a reign of harmony, another ideal, differing, indeed, from that of the Communist in requiring only the further evolution of existing conditions, not the total overthrow of our civilization. It is founded upon the present most intense Individualism, and the race is prepared to put it in practice by degrees whenever it pleases. Under its sway we shall have an ideal State, in which the surplus wealth of the few will become, in the best sense, the property of the many, because administered for the common good; and this wealth, passing through the hands of the few, can be made a much more potent force for the elevation of our race than if distributed in small sums to the people themselves.
>
> --*The Andrew Carnegie Reader*, pp. 136-137

Carnegie recommended, in this order, the following dispositions of the fortunes of the rich: first, universities and colleges; second, libraries; third, hospitals and medical research institutes; parks; public halls, suitable for meetings or concerts; public swimming pools; and, if all else fails to capture the imagination of the donor, churches. Almsgiving was more likely to do harm than good, in Carnegie's view, and it was the government to whom fell the task of maintaining those who would not maintain themselves.

Both of these models link philanthropy of the wealthy with the support of large institutions, in the first case because that's where the prestige lies and in the second case because philanthropy was linked to persons of extraordinary wealth who could not only support, but actually create, major institutions. Do new constellations of wealth augur a new orientation towards philanthropy? Will the dispersion of significant wealth across regions and classes be good news for smaller nonprofits, and for human services? How will new wealth behave differently from old wealth?

Large data sets can give some insight into the behavior of the wealthy, tracking changes in donative behavior as income, wealth, and taxes vary over time. However it is acquired, wealth is likely to be in the hands of persons with access to sophisticated tax advice. Existing studies of the sensitivity of giving by the wealthy to the tax environment are likely to be reasonably applicable to the behavior of the newly wealthy. What is more likely to be different is where the money goes, and how it is given. If new philanthropists are in it less for the social status, they have less reason to be giving to huge, eternal institutions. This is doubly true if their entrepreneurial instincts include a propensity for running the show. The democratization of wealth may bring with it a democratization of the world of nonprofit organizations.

California's New Philanthropy: Old Wealth, New Wealth, Prospective Wealth

Among California cities, only San Francisco seems to fit the traditional philanthropic mold. A much-publicized 1994 *Chronicle of Philanthropy* study of regional variations in the generosity of Americans found most California cities at the bottom of the list. Of the fifty large cities surveyed on several measures of philanthropy, Los Angeles ranked 48th. The two metropolitan areas of the United States to rank below Los Angeles were Long Beach and Fresno. San Francisco, by contrast, did very well in the ranking, coming in twelfth among U.S. cities (well above New York, which weighed in at 27th). Although the survey was widely interpreted to mean that Californians were, as one news story put it, "too busy talking on cell phones, having plastic surgery or doing lunch to think about contributing," (Proffitt 1998, p.M3) an alternative interpretation arises from more recent evidence: giving in California, with the exception of old-time, geographically compressed San Francisco, goes its own way.

Measuring philanthropy by donations to major charities, such as a region's dominant cultural organizations (museums, symphonies, opera companies) and nationwide charities such as United Way, presupposes that the relative appeal of these groups is ubiquitous, or at least not subject to regional variation. There are good reasons to think that the philanthropy of Californians will not fit this model. First, most of the wealth of Californians is not old money; we cannot assume that it will gravitate towards old-money charities. Second, a significant amount of wealth has emerged in regions, such as the Silicon Valley, that were not previously known for their cultural institutions. Third, newly wealthy members of immigrant communities may be frustrated by the slow pace with which United Way and its sponsored organizations adapt their programs to meet the needs of new communities. And, finally, California is a funny place, one with a strange mix of affluence and its opposite, a place in which the well educated have wonderful futures and yet many of the public schools are terrible. The new philanthropists may be problem solvers, and California will offer them many salient opportunities to express their priorities among immediate needs that may prove more compelling than timeless institutions of culture and art and higher education.

Three surveys conducted in the 1990s give us insights into philanthropy in California. One is statewide and the others focus on respectively on two fast-changing pockets of wealth, Los Angeles and Silicon Valley.

In the wake of the negative publicity emanating from the *Chronicle of Philanthropy* study, the California Community Foundation sponsored a Field Research Corp. survey of the giving habits of the Los Angeles community. The 1997 survey of 604 Los Angeles County residents found levels of charitable giving that were five percent higher than the national average. Two major features that distinguish the giving patterns of Angelenos from those of the country at large were their preference for local organizations and their interest in human service organizations. In national surveys, health and human services garner far less support than religious organizations; in 1995, for example, the widely cited Independent Sector-sponsored Gallup survey found that contributing households gave an average of $868 to religion, well above the $485 going to health and human services (Hodgkinson and Weitzman, 1996). In the Los Angeles survey, donations to health and human services edged out religion as the number one destination for charitable dollars (Proffitt 1998).

At the same time the California Community Foundation was documenting the philanthropy of Los Angeles, its counterpart was surveying the giving habits of residents of the Silicon Valley. Another Field Research Corporation survey, commissioned by the Community Foundation Silicon Valley, conducted 734 phone interviews in English and Spanish, and an additional 160 interviews with members of households whose net worth, excluding housing value, exceeded $100,000 (Community Foundation Silicon Valley 1998).

If the philanthropic scene in Los Angeles is complicated by a schism between WASPy Pasadena and the Jewish West Side, and the influx of immigrant communities new to American habits of giving, it still bears some vestiges of big-city philanthropy. It has grand museums, opera and symphony, and a downtown cultural center built by a coalition of old-line money commandeered by Dorothy Chandler and West-Side money led by Lew Wasserman. Silicon Valley is farther removed from traditional philanthropy than Los Angeles. Gertrude Stein was describing Oakland when she said, “There’s no there there;” Silicon Valley is what lies beyond Oakland. More than half its residents moved there from somewhere else, in fact from somewhere outside California; eighteen percent were born outside the U.S.

It is jobs that bring people to the Silicon Valley and wealth to the people. Work is central to life in the Silicon Valley in a way that is quite extraordinary by nationwide standards. More than half (52 percent) the adults surveyed belonged to a work-related organization such as a professional society, business organization, or labor union; only half as many (26 percent) belonged to a religious organization. Nationwide, only 16 percent of adults belong to work-related groups, while 70 percent belong to a church, synagogue, or other religious community. Similarly, 43 percent of Silicon Valley residents say they can make charitable donations through payroll deductions at work, compared to 26 percent nationwide.

In the Silicon Valley, the percentages of households making donations to religion and to education are virtually identical, with 37 percent giving to religion and 36 percent to education. This shows a much greater relative interest in education than we see in national data, which show 48 percent of households making gifts to religion and only 20 percent to education. Some of the emphasis on education may come at the expense of human services, an area that received donations from 18 percent of Silicon Valley households, somewhat less than the national average of 25 percent. Twenty-eight percent gave to health-related causes, similar to the national value of 27 percent. It is interesting to note that this work-centered community's deviations from the national norms are in line with businessman Carnegie's emphasis on education and his relative disinterest in religion and human services.

Among the wealthy households of Silicon Valley, 58 percent say it is "very important" to "give to organizations that get the best results per dollar invested." Whether because of their business backgrounds or the less established nature of nonprofits in the region, Silicon Valley residents in the survey were inclined to have opinions on how nonprofits should go about their business. One resident is quoted, "What is changing in Silicon Valley is the desire to see non-profits working together and even merging to better address community needs." (Community Foundation Silicon Valley 1998, p. 23). And most of the wealthiest donors are disinclined to take advice about their donations: 80 percent say that professional advisors exert no influence whatsoever over their giving decisions. Nonprofits will find that these new philanthropists are not a pliant lot.

A survey of 2,406 households across California has recently been conducted by researchers at the University of San Francisco. Preliminary results from this carefully conducted telephone survey find higher rates of giving and volunteering than have been found in national studies. While some of the difference in results may be due to survey design, the results, like those from the community foundation surveys, suggest that Californians are not particularly stingy with their money. These data suggest that educational attainment and religious attendance have less pronounced impacts on giving than have been observed nationwide. The California survey also shows members of minority ethnic groups as likely to give as whites. (O'Neill and Roberts 1999)

The top income group in this survey includes households with annual incomes of more than $100,000. Within this group, the median proportion of income given to charity is 1.8 percent, and the mean level of giving is 4.4 percent. These are high by national standards.

What lies ahead for California? If the post-war decades have been an era in which middle-class persons in unprecedented numbers accumulated wealth far in excess of their appetites to consume, the next two decades will be a time in which unprecedented numbers of middle-class persons will inherit their parents' unspent fortunes. This wealth will affect philanthropy directly through bequests to charitable organizations and indirectly through the effects of increased wealth on the generosity of heirs.

An early estimate of the size of fortunes to be passed to baby boomers yielded the number $10.4 trillion (Avery and Rendell 1993) to be bequeathed from 1990 to 2040. This estimate was based on wealth data from the 1989 Survey of Consumer Finances, and the vast growth in wealth during the 1990s has rendered this estimate of bequeathable wealth too low. For example, Avery and Rendell had predicted that by 1995 bequests would have grown to $84.3 billion, far less than the $117.7 billion in estates on which estate tax returns were actually filed in 1995 (Eller 1996-97). Havens and Schervish (1999) have generated new projections for the amounts to be bequeathed, based on an estimate of personal wealth in 1998 of $32 trillion. Their conservative set of estimates is based on a two percent rate of growth, and yields predictions of $11.6 trillion to be transferred in the twenty-year period 1998-2017. Based on the proportions of estates of varying sizes bequeathed to charitable organizations in the 1990s, Havens and Schervish predict that $1.7 trillion will be bequeathed directly to nonprofit causes.

Charitable bequests tend to support private foundations and large nonprofit institutions. Of the $9.2 billion bequeathed to charity in 1995, 36 percent went into private foundations, 27 percent to education, science, and medicine, and 10 percent to religion (Auten et al 1997). Only three percent of charitable bequests went to arts and humanities, and less than half that, 1.4 percent, went to social welfare.

After fees and taxes, the conservative 20-year estimate leaves about $7 trillion to be inherited. Californians are likely to get their share of this transfer, given the high value of real estate. To the extent this wealth is passed into middle-class households, it is likely to be spent in ways that bear neither the mark of social status nor the imprint of successful capitalism.

Havens and Schervish estimate there will be at least 1.8 million estates of $1 million or more over the next twenty years. If these decades give rise to a million new millionaires, how will these potential philanthropists handle their wealth? The next section provides a brief look at tax advantaged modes of giving. It is followed by a review of the literature on taxes and charitable giving.

The Institutional Options for Philanthropy Among the Wealthy

In the United States, most people give away money in any given year. Most donations, however, come from the rich. For example, households in the top four percent of the income distribution gave 40 percent of the charitable dollars donated in 1995 (Havens and Schervish, 1999). It is important to understand the giving behavior of the rich, therefore, not because most givers are affluent but because most giving comes from the affluent.

Most people give by writing checks. If they itemize on their income taxes, their tax incentives to give are contained in the marginal rate at which their income is taxed; this is the amount by which a dollar given to a deductible cause woud be diminished should the putative giver decide instead to spend the money on himself. The higher the marginal tax rate, the lower is the opportunity cost of giving money away.

The rich have options beyond writing checks directly to charitable causes. They may establish a charitable trust, or they may establish a charitable corporation. Personal and family foundations may take either legal form, although traditionally the vast bulk of them have been corporations. A review of foundations in California in 1980, for example, found that 80 percent of them were corporations and only 14 percent were trusts (with the rest being unincorporated associations) (Brody 1998).

The establishment of a charitable trust is straightforward enough to be within the options of persons of moderate wealth. It is a private act not involving the state, in contrast to a charity that is incorporated by the state government. A charitable trust must not have ascertainable beneficiaries. It is permitted to last in perpetuity. Donors and major contributors may specify in detail restrictions on the use of funds and the management of the endowment; they may even impose "obligations on the charity that raise serious concerns of dual loyalty and commingling of private and public purpose." (Brody 1998, p. 1423) If it becomes impossible to disburse funds according the the donor's wishes, the courts retain ("cy pres") power to reform the trust so that it may proceed as nearly as possible in the path dictated by the donor's restrictions. Finally, since a charitable trust lacks identifiable beneficiaries, it is state attorneys general who have legal standing to sue if a trust is being managed in conflict with allowed practices.

The tax advantages to charitable trusts are most salient in the cases of "split-interest" trusts, in which the trust serves both a charity and a private recipient. In a charitable remainder trust, a grantor or other person may receive an annual payment, either a fixed sum or a fixed percent of the trust's current assets. When the person's claim is terminated, most often through death, the remainder of the trust's fund goes to the charity. One huge advantage of establishing such a trust, especially early in the life of the recipient, is that the trust is tax exempt. Wealthy persons whose portfolios are dominated by a small number of highly appreciated stocks, for example, can transfer these assets to a charitable remainder trust. The trust can diversify by selling appreciated stock without paying capital gains tax. The potential for private gain, and for very little of the remainder trust to reach the charity, led to restrictions in the Taxpayer Relief Act of 1997. It is now required that "an interest having an actuarial value of at least ten percent of the current value of the assets placed in trust" must pass to the charitable entity in order for the transfer to count as a charitable deduction. (Auten et al, 1997, p. 42, footnote 26)

There is also a tax advantage to charitable lead trusts, in which income goes to charity and the remainder of the trust to a non-charitable beneficiary. Such trusts provide favorable treatment with respect to transfer taxes: the value of gifts and bequests to heirs is discounted to its present value at the time the assets were put into trust.

Wealthy philanthropists can opt for the more complex option of establishing their own foundations. Foundations must pay an excise tax on their investment income, and they are subject to minimum payout rates. Small foundations face the same IRS filing requirements as large ones; the forms have been described as "a nightmare for the uninitiated." The legal environment is complex, and for small foundations, "The cost of advice alone, including legal and accounting fees, eats away at the foundations' potential charitable activities." (Steuerle, 1999, p.2)

For philanthropists operating on a more limited scale, one way to avoid the legal complexities of foundations is to contribute to donor-advised funds. Gifts to such funds are tax deductible at the time of the gift, even though the donor may advise the fund to hold the gift for disbursement at later dates. Donor-advised funds are not subject to the excise tax nor the minimum payout rates imposed on foundations. Large donor-advised funds have expert staffs to navigate the legal requirements for managing and reporting charitable activity; they "can achieve economies of scale and efficiency in discharging those responsibilities." (ABA Exempt Organization Committee, 1998, quoted in Steuerle, 1999, p. 2) Many community funds, including large ones such as the California Community Fund, operate as donor-advised funds. Community funds focus on local charities; more recent entrants into this market are nationally based funds operated by large brokerage concerns. By far the largest is Fidelity's Charitable Gift Fund, with assets in excess of $1.5 billion (Steuerle, 1999, p. 2).

In summary, wealthy philanthropists have a variety of modes of giving available to them, with appreciable tax advantages accruing to each. The giving behavior of the wealthy tends to be sensitive to changes in the tax treatment of giving. The statistical evidence on the giving behavior of the wealthy, including its responsiveness to changes in the tax environment, is reviewed in the next section.

Taxes, Income, and Patterns of Giving[1]

The fraction of income given away shows such consistency across time, and at any time across income groups, that there is a temptation to suppose that giving is roughly proportional to income. Perhaps Americans will always give two percent of their income, no matter what. This view of giving as proportional to income has been tested empirically and rejected in favor of more sophisticated models (Clotfelter 1990) that include information on the tax treatment of giving.

The Tax Reform Act of 1986 gave us a dramatic example of how sensitive the timing of deductible giving may be to changes in tax brackets. It was well known in advance that TRA86 would cut marginal tax rates in 1987, reducing the tax advantage of giving for most itemizers. In 1986, itemized deductions totaled $54.5 billion. In 1987, they were $49.3 billion (Clotfelter, 1990). Although the stock market decline in 1987 may also have affected giving in that year, much of the ten-percent difference between the two years' giving is likely to be due to the tax advantage of accelerating giving into 1986.

Recently, panel data have become available that allow researchers to track specific individuals through time. This allows a calculation of the separate effects of temporary and long-term movements in tax rates. Economists model philanthropists as responding to the "tax price" of giving, meaning how much money out of their pocket it takes to make a $1 gift. Someone in a 36 percent tax bracket, for example, can either give away $1 or pay taxes on that dollar and spend the remaining 64 cents on herself; her tax price of giving is 0.64. Research suggests that taxpayers respond to long-term shifts in their tax prices of giving, but the effect is less than proportionate. Recent work finds that a ten percent increase in the tax price of giving will cause a decline in giving in the range of five to nine percent (Randolph 1995; Barrett, McGuirk, and Steinberg, 1995; Auten, Sieg, and Clotfelter 1999).

The sensitivity of donors' contributions to their tax rates is clearest among upper-income households. This may be due to their being more likely to consult with tax advisors, or, because their levels of giving and taxpaying are higher, they are more aware of their tax brackets. Clotfelter (1990) shows that the dramatic reductions in marginal tax rates ushered in with the Tax Reform Act of 1986 led to a redistribution of giving within the top income quintile, with those whose rates came down the most accounting for a smaller share of giving after the tax cuts were in effect. Because the highest-income Americans contribute so large a share of charitable donations – the one percent with the highest incomes made 16 percent of all donations in 1994 – measures of the tax-sensitivity of giving that are based on the entire income spectrum are likely to understate the tax sensitivity in the strata from which most dollars come.

One additional perspective we can gain from large data sets is how much variability in generosity there is within income groups. Panel data sets based on income tax files allow researchers to examine tens of thousands of individuals in various income brackets. There is tremendous variability in generosity. Among itemizing taxpayers with adjusted gross incomes of $1 million to $2.5 million, half gave no more than 0.8 percent of their income to charitable causes in 1995. In contrast, the most generous five percent of households in this income bracket gave at least 14 percent of their income to charity. For households with incomes above $2.5 million, half gave 0.7 percent or less while five percent gave 20.9 percent of their income or more (Auten et al 1997).

It may be, of course, that high-income households do their planning over a longer horizon, and make large gifts less frequently than yearly. To see how much of the variability observed in a single year may be due to generosity that doesn't necessarily show up in so short a time period, Auten et al (1997) examine taxpayers over a five-year period. Indeed, the median level of giving is higher when a longer horizon is allowed for. Over the period 1991-1995, half the households with AGI of $1 to $2.5 million gave 1.2 percent of income or less, considerably higher than the median level in the 1995 data of 0.8 . Similarly, in the income category $2.5 million and up, the median percent of income given rose from 0.7 in the single year 1995 to 1.3 over the period 1991-1995. The most generous households were still quite dramatic in their levels of giving, with five percent giving at least 16.1 and 18.1 percent of income for the $1 million to $2.5 million and the over-$2.5 million income groups, respectively. Average levels of giving did not change when the longer planning horizon was allowed for; they were 3.2 percent and 4.0 percent of income, respectively, for the two income classes, in 1995 and over the period 1991-1995.

The New Philanthropy: What's Next?

Our high-tech, global economy is putting new wealth in the hands of new potential philanthropists. Survey data suggest that new philanthropists will be motivated by a desire to give back to the society in which they have thrived economically. What does this mean for nonprofits and their clienteles? First, more wealth means higher levels of giving, adding up to trillions of dollars over the next couple of decades. Second, new money will branch out geographically from the centers of old money. Third, philanthropists with self-made fortunes may, somewhat in the style of Carnegie, feel that their business acumen should guide the disposition of their philanthropy.

When any industry enters a period of rapid growth, it is important to have in place mechanisms to facilitate the flow of information and the coordination of activity. For nonprofits, this means thinking about how to educate the newly wealthy about the work they do, keeping in mind that many new philanthropists are wise in the ways of business. Nonprofits should be prepared to explain their strategies as well as describe their goals. They may have to convince new philanthropists that they do not engage in wasteful competition with one another. For otherwise middle-class persons with substantial inheritances, nonprofits may need to be wise in the ways of the tax code and the advantages offered by donor-advised funds and charitable trusts. Whether or not smaller nonprofits are in situations in which they might profitably cooperate as they deliver services to clients, they almost certainly will experience economies of scale in the delivery of advisory services to potential donors. And, finally, the trend towards quantitative assessment of the success and efficiency of nonprofit service provision will intensify as bottom-line savvy businesspeople seek to "invest" their donations in programs with visible results.

Endnote

[1] Some of the material in this section is taken from Brown (1999).

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