

Philanthropy

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Gridiron Giving

The National Football
League's All-Star
Philanthropists



PLUS:

Board Compensation:

To pay or not to pay?

In Memoriam: Daniel C. Searle



of matching grants on fundraising, as reported in the December 2007 issue of the *American Economic Review*. Their research confirmed the long-held conventional wisdom that matching grants lead to greater fundraising returns. Karlan and List further found that a match offer increases both the response rate and the revenue per solicitation. But, interestingly, relative to lower match ratios (e.g., \$1:\$1), higher match ratios (e.g., \$2:\$1 or even \$3:\$1) did not appreciably increase incoming contributions.

In their study, the authors sent out direct mail solicitations to over 50,000 past donors of a nonprofit organization. One-third of the letters made no mention of a matching grant, whereas the rest indicated that contributions would be matched—the amount of which was either unstated or listed at varying amounts and match ratios. The availability of match money increased the revenue per solicitation by 19 percent. The match offer also increased the probability that an individual would donate by 22 percent—but offering larger match ratios had no further effect.

Studies show that, for a variety of reasons, matching grants make people more likely to give. From a donor's perspective, matching gifts are equivalent to lowering the cost of investment, thereby increasing the leverage of a donation. Matching has a time-signaling effect, creating a greater sense of immediate opportunity. Psychological dynamics like social proof and reciprocity seem also to play a role. As Karlan and List write, "manipulations that make salient the importance or effectiveness of a gift can generate further donations."

GIVING—AND GETTING—WEALTH, HEALTH, AND HAPPINESS

GIVING LEADS TO GETTING: THAT'S THE conclusion of Arthur Brooks, a professor of economics at Syracuse Uni-

versity and a contributing editor to *Philanthropy*. In the Fall 2007 issue of the *Journal of Economics and Finance*, Brooks finds that philanthropy yields both financial and non-financial prosperity. He conducts a regression analysis to demonstrate that "a \$1 increase in charitable contributions leads to a marginal increase of \$3.75 in household income, on average." This return, he observes, is "quite high, by any reasonable investment standard."

According to Brooks, the explanation for this correlation likely has to do with the happiness and health rewards from charitable giving. "People who gave money charitably," he writes, "were 43 percent more likely to say they were 'very happy' than nongivers, while nongivers were three and one-half times more likely than givers to say they were 'not happy at all'... In terms of health effects, givers in 2000 were 25 percent more likely than nongivers to say their health was excellent or good, while nongivers were about twice as likely as givers to say their health was poor or fair."

The study is consistent with past psychological research, which has found that volunteering leads to positive mental and physical health. For example, a 1999 experiment was conducted in which a group of multiple sclerosis patients provided a "sympathetic ear" to another group with the same disease. The listeners reported greater improvement in confidence, self-awareness, and depression than did the non-listener group.

Among the implications of these findings, Brooks suggests that nonprofit fundraising is "far more than a simple means to an end—it may be an engine of benefit in and of itself."

"The available evidence on happiness, health, and income exhibit a virtuous cycle with behavior," Brooks concludes. "Happy, healthy, successful people are most likely to give and vol-

unteer. At the same time, charitable people are more likely to be happy, healthy, and financially prosperous."

LIFESTYLES OF THE RICH

THE BILL & MELINDA GATES FOUNDATION has joined Calbre, a division of Wachovia Wealth Management, to fund a study on "The Joys and Dilemmas of Wealth." The study, to be conducted by the Boston College Center on Wealth and Philanthropy and released in the Fall of 2008, will poll individuals with a net worth of \$25 million or more to gain insights into the attitudes, practices, and personal philosophy of the rich.

According to Robert Frank, author of "The Wealth Report" for the *Wall Street Journal*, "universities have been much better at studying the poor than the rich. And yet truly understanding the wealthy is just as critical for a healthy society and economy."

The Center on Wealth and Philanthropy's goals are three-fold:

- For the public at large, the report will offer accurate information that will counter misleading myths and promote fresh thinking about the activities and attitudes of wealth holders.
- For wealth holders, the report will be a valuable tool for self-reflection.
- For financial and philanthropic advisors, the report will provide insight into how they may offer a more appropriate array of financial and charitable options to the wealthy.

Speaking to the PR Newswire, Michael Deich of the Gates Foundation said, "We believe that the Center's survey will make an extraordinary contribution toward helping us understand what drives donors to give and what they need in order to give effectively." **D**