



Needy get a smaller slice of charity

Less than one-third of individual gifts help those on the lowest rungs of society.

By Jane Lampman, Staff writer of The Christian Science Monitor / November 19, 2007

For most Americans, "charitable giving" connotes donating their resources to help those who are less fortunate to better their situation.

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Yet how much of charitable giving actually goes to benefit the neediest in society? According to recent studies, much less than most people expect.

Not quite one-third of the money donated by individuals in 2005 (30.6 percent) went to help the economically disadvantaged, according to a 2007 study sponsored by Google. And only 15.7 percent of foundation funds were given to

aid programs in low-income communities.

This divergence at a time of rising economic uncertainty and government cutbacks has stirred renewed debate within the nonprofit sector and raised concerns in Congress. As the gap widens between the well-off in America and those on the lower rungs, should individuals and foundations respond more to those in greatest need? Is that what philanthropy is about?

In Congressional hearings this fall, Rep. Xavier Becerra (D) of California questioned whether gifts to such institutions as art museums and universities should receive the same tax benefits as contributions to charities that help the poor. Some senators, meanwhile, have questioned whether foundations that seem to be building up their assets rather than distributing funds should be required to give out more than the 5 percent of assets the law now requires.

In recognition of pressing needs, some in the world of philanthropy are taking steps to reorient their funding practices. Under the leadership of Rip Rapson, a former deputy mayor of Minneapolis, the \$2.9 billion Kresge Foundation in Troy, Mich., has defined a new values-based strategy that includes encouraging "low-income opportunity."

In a July speech to educational leaders, Mr. Rapson talked of "the economic bifurcation of America," and the need for philanthropy to serve as "society's social venture capital."

"I wish more foundations would take that proactive step," says Aaron Dorfman, executive director of the National Committee for Responsive Philanthropy. "Grantmaking targeted for the neediest populations is steadily declining as a proportion of overall giving."

Not all see the picture quite the same way. "Should philanthropy take a greater percentage focus on lower-income groups? I don't think so," says Paul Schervish, director of the Center on Wealth and Philanthropy at Boston College. People should "work on the government to do that."

While helping the neediest is part of what philanthropy is about, he adds, there are many ways to contribute. For instance, those at the upper end are often subsidizing those with lower incomes – such as donating to museums that children in inner-city schools can attend.

"There is also what I call 'consumption philanthropy' in which you give to organizations you and your family benefit from, such as your church or the symphony," Dr. Schervish adds.

Karen Pittleman agrees that philanthropy wasn't created to move resources to people in need. "For many, it was a tax write-off," she says. "Before 1969, foundations weren't even required to give money away."

Page: 1 | 2 ▶

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