



Philanthropy at Its Most Narrow
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The Philanthropy Roundtable believes that the world of grant-making can benefit from a robust debate about standards of excellence in charitable giving. We therefore applaud the title of a new report by the National Committee for Responsive Philanthropy: “Philanthropy at Its Best: Measurable Benchmarks to Assess and Enhance Grantmaker Impact.”

Unfortunately, the report does not live up to the title’s promise. NCRP’s standards for excellence are too narrow and arbitrary to be a useful guide for grantmakers seeking to improve their performance, or for media and watchdog groups seeking to assess charitable giving.

We also fear that the NCRP report is part of a political strategy to limit the freedom of donors and foundations to decide where to give away their money. The Philanthropy Roundtable respects and defends the right of NCRP and other private organizations to set voluntary standards for charitable giving. But we are strongly opposed to the use of the political process to impose one group’s set of preferences for philanthropy on the entire field.

Here are some of the criteria a grantmaker must meet to practice “philanthropy at its best,” according to NCRP:

- Provide at least 50 percent of grant dollars “to benefit lower-income communities, communities of color, and other marginalized groups”;
- Provide at least 25 percent of grant dollars for “advocacy, organizing and civic engagement to promote equity, opportunity and justice”;
- Provide at least 50 percent of grant dollars in general operating support;
- Maintain a diverse board of at least five people, who serve without compensation;
- Pay out at least 6 percent of its assets annually in grants;
- Invest at least 25 percent of assets in program-related investments that support its mission.

The Philanthropy Roundtable has five central concerns about these criteria:

1. This is a very narrow “one-size-fits-all” definition of excellence. Many of the historic achievements of philanthropy—from medical research, to the arts, to

- environmental protection, to religious education, to the support of private and public universities, to Andrew Carnegie's construction of public libraries—would fail to meet NCRP's criteria. One of the greatest achievements of grantmaking in the last decade—networks of schools where low-income children excel academically—wouldn't qualify as excellent by NCRP standards.
2. NCRP's standards for governance are completely arbitrary. There are many well-run foundations with fewer than five board members, for instance the Bill & Melinda Gates Foundation. While most foundations have volunteer boards, many find it helpful to offer reasonable compensation to their trustees. And there are many high-performing family foundations that do not follow the NCRP standard of putting independent directors on their boards.
 3. NCRP's standards for grantmaking are unnecessarily restrictive. To cite just one of thousands of potential examples, the St. Giles Foundation is starting a sickle cell anemia research program at Columbia University. This foundation would not be able to achieve its objectives through a general operating grant to Columbia.
 4. NCRP measures excellence by dollars spent, not by results achieved. That is not a helpful standard for improving the quality of philanthropy. For example, in assessing grants to improve the education of low-income students, the most important measure of performance is the achievement levels of the children. It is not the size of the grants.
 5. What troubles us most is NCRP's effort to incorporate its narrow and arbitrary standards into public policy. NCRP says explicitly that "Policymakers may find the criteria valuable when considering regulations or legislation that affect institutional grantmakers." A prominent congressional leader, Representative Xavier Becerra, is speaking at NCRP's press conference to release its report.

Philanthropy benefits from vigorous debate about first principles. NCRP has every right to push for more grantmaking of the kind it favors—more money for low-income communities, more money for advocacy, more money for multi-year, general operating grants. But it is a serious threat to freedom, and to charitable giving as we know it, to use the law to impose NCRP's narrow and arbitrary criteria on all of philanthropy.

The Philanthropy Roundtable is a national association of individual donors, corporate giving officers, and foundation trustees and staff. The Roundtable attracts philanthropists who benefit from being part of an organization dedicated to helping them achieve their charitable objectives. In addition to offering expert advice and counsel, the Roundtable puts donors in touch with peers who share similar concerns and interests. Members of the Roundtable gain access to a donor community interested in philanthropic strategies and programs that actually work.