PHILANTHROPY MATTERS

THE CENTER ON PHILANTHROPY AT INDIANA UNIVERSITY
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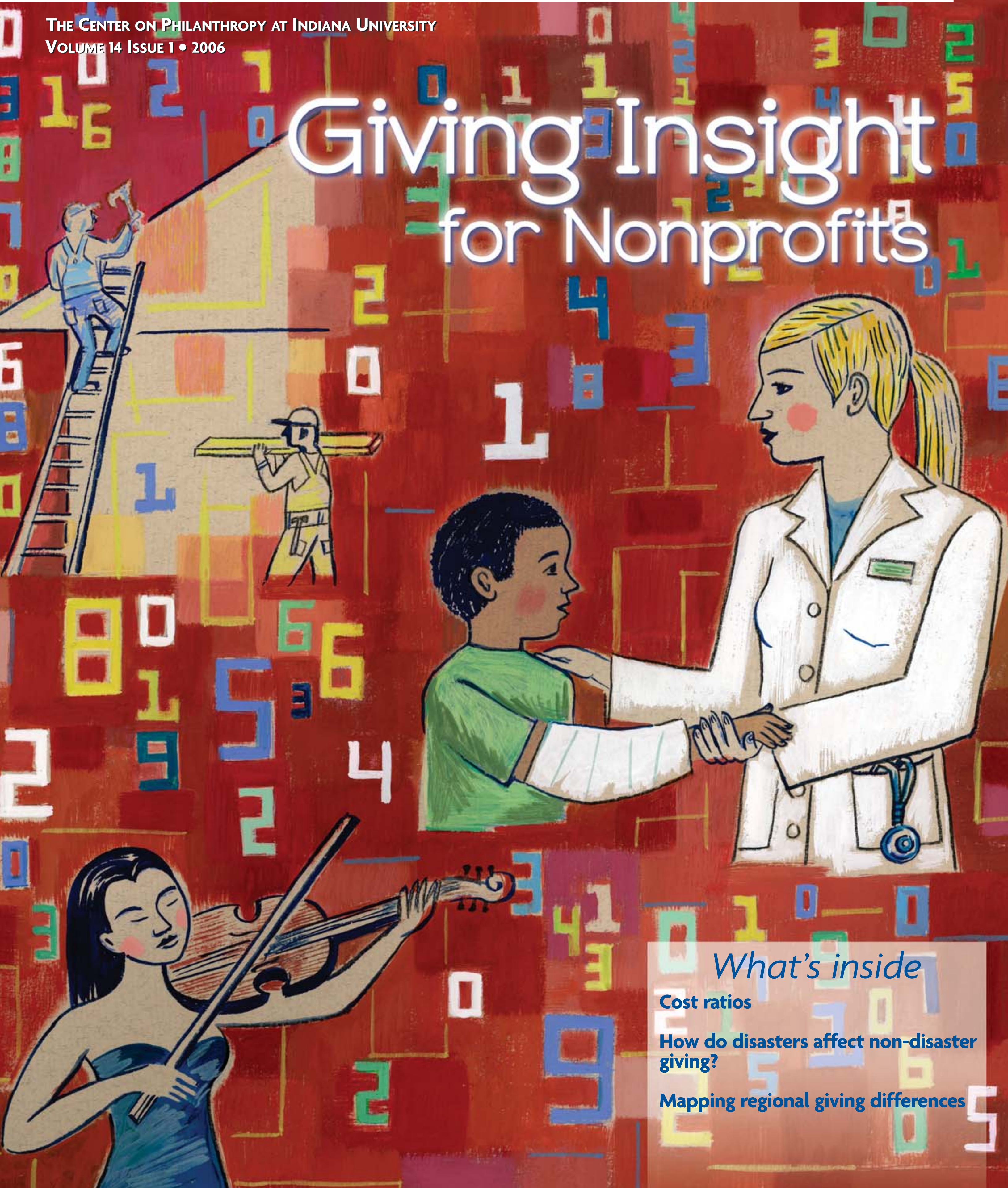

Giving Insight for Nonprofits

What's inside

PHILANTHROPY MATTERS

INCREASING UNDERSTANDING AND IMPROVING PRACTICE

Volume 14 Issue 1 • 2006
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Philanthropy Matters *is published by the Center on Philanthropy at Indiana University. The Center on Philanthropy is dedicated to increasing the understanding of philanthropy and nonprofit management and improving their practice through education, research, professional development and public service. The Center on Philanthropy is a part of the IU School of Liberal Arts at Indiana University–Purdue University Indianapolis.*

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At the Center on Philanthropy, research is the lifeblood of all we do to increase the understanding of philanthropy and improve its practice. This issue of *Philanthropy Matters* focuses on research that can help strengthen nonprofits, inform your daily work and provide policy makers with vital information about the nonprofit sector.

"Giving Insight," our cover story, puts the spotlight on our signature research project, the Center on Philanthropy Panel Study (COPPS). This groundbreaking study gives a fascinating glimpse into personal philanthropy—and how it is affected by health, family size, changes in income and myriad other circumstances. It is what we're all about: helping donors, volunteers and nonprofit professionals maximize the effectiveness and sustainability of their organizations.

We are grateful to the Bill & Melinda Gates Foundation, which has awarded the Center a $750,000 matching grant to help fund COPPS data collection in 2007 and 2009. In announcing the grant, Lowell Weiss, senior policy and advocacy officer at the Bill & Melinda Gates Foundation, said, "The COPPS data are a unique resource in our sector. We feel COPPS has great potential for informing public policy—and encouraging policies that promote effective and generous giving in America." Our researchers are focused on understanding the core beliefs and influences that drive charitable giving over time in the United States. Understanding why people give and what they hope to achieve with their charitable contributions benefits both funders and nonprofits. We're hopeful that the Gates Foundation's support will encourage other funders and donors to step forward and allow this important research to continue.

The United States may be known as the world's melting pot, but there are definite regional differences here when it comes to giving. "The Philanthropy Map" looks at two studies that examine these differences and help fundraisers know how to tailor their efforts.

What percentage of your budget goes to administrative expenses like planning, management and evaluation? If your nonprofit is like most, you walk a tightrope balancing donors' expectations with the costs of running an effective organization. In "The Rating Game," we explore the pros and cons of spending ratios.

When natural disasters strike, people naturally want to help. But does crisis giving lead to "donor fatigue" and therefore hurt other nonprofits? What you read in "Stormy Weather" might surprise you.

Research illuminates our work and makes us all better practitioners. Private funding and individual contributions allow the Center on Philanthropy to continue providing pioneering research and insights that strengthen individual nonprofits so they can improve lives and communities. If this type of research is helpful to you and your organization, please let us know by making a gift. Only through such generous private support can we continue this important work.

Cordially,

Eugene R. Tempel
Executive Director and Publisher

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Art on cover and pages 4 and 5 by Thorina Rose

The Rating Game

Keeping costs within certain ratios may undermine some nonprofits' success

Every kid with a lemonade stand knows you have to spend money to make money. But in the nonprofit world, organizations often feel external pressure to keep overhead costs within certain publicly accepted ratios, regardless of their particular needs or size. Are such ratios valid, and should they be universally applied?

To seek answers to these and other questions about nonprofit costs, Patrick Rooney from the Center on Philanthropy at Indiana University partnered with Thomas Pollak and Mark Hager of the Center on Nonprofits and Philanthropy at the Urban Institute. Hager is now at the University of Texas at San Antonio.

The Nonprofit Overhead Cost Study collected data from 1999 to 2004 with the goal of better understanding administrative and fundraising costs and cost reporting and how nonprofit professionals, policy makers and accountants can work together to improve measurement and reporting. The study found that overhead costs including rent, electricity, heat, phone, furnishings, payroll, printing, accounting, information technology and maintaining Web sites typically account for 10 to 35 percent of a nonprofit's budget, depending on the organization's mission, size and age. It also found that nonprofit expense reporting errors, which are widespread, usually tend to err on the side of understating an organization's actual costs.

Contrary to the prevailing notion that spending less on fundraising and administration is always better, in-depth case studies from the cost study suggest that nonprofits that spend too little on infrastructure may be less effective than those that spend more in accordance with their needs. Those that match external expectations for expenses set by funders, donors and nonprofit watchdog groups don't necessarily fulfill their missions better. To deal with inadequate funding for administration, many of these organizations resort to low pay for their employees and learn to work around the fact that they don't have certain necessities that would increase their effectiveness exponentially.

In reporting expenses, many organizations incorrectly allocate their overhead costs to program costs to avoid revealing how much is actually needed to keep things running smoothly, says Rooney, director of research at the Center on Philanthropy. "This is a looming challenge for the sector and will reflect on our good will with donors and funders. There need to be sector-wide efforts to educate donors, funders and policy makers about the need for these types of costs and why it's important for nonprofits to track and report them accurately and honestly," Rooney says.

Ratios: Pros and Cons

Donors and the general public often seek simple, shorthand methods for comparing nonprofits' efficiency and effectiveness in using contributions, and for determining where they will make donations. Lacking other, more meaningful measures, in recent years many have come to rely heavily on ratios of overhead costs to program expenditures.

Watchdog organizations and others generally judge nonprofits according to a

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GIVING INSIGHT

A groundbreaking study offers nonprofits unprecedented information

How would your nonprofit's fundraising and other activities change if you knew the following?

- Baby boomers in middle adulthood are giving less than their parents did at the same age, but the decline is primarily in religious giving.
- Single men give less on average and are less likely to give than single women or married couples.
- Recent immigrants' giving initially is primarily informal (i.e., to family and friends) but their formal giving to nonprofit organizations increases with time spent in the U.S.

These are just a few of the insights from a groundbreaking study of Americans' giving and volunteering that nonprofits can use to hone their fundraising and be more effective by learning what influences giving and volunteering behaviors in different circumstances. The Center on Philanthropy Panel Study (COPPS), the Center's signature research project, is expected to help improve the sustainability and organizational effectiveness of nonprofits of all sizes. It also facilitates analysis of public policy-related issues involving philanthropy.

COPPS is a set of giving and volunteering questions that the Center first added to University of Michigan's Panel Study of Income Dynamics (PSID) in 2001. The PSID produces the most comprehensive data available on families' wealth, income, life changes and many other household characteristics and is considered the preeminent social science panel study in the world, says Patrick Rooney, director of research for the Center on Philanthropy at Indiana University and professor of economics and philanthropic studies at Indiana University-Purdue University Indianapolis (IUPUI).

The COPPS dataset, Rooney says, is important because its 1,200 different pieces of information can be used to track changes in giving with real changes in income, wealth, marriage, family size, employment status and health across generations. "Previously, we could only infer these changes by looking at differences in outcomes among different samples of the population at different times. By tracking the same people over time, we can understand and identify what actually drives their giving, and what determines changes in their philanthropy over time and across changes in circumstances," he says.

COPPS is the only survey of U.S. giving and volunteering that tracks the same people over time—a nationally representative survey of 8,000 households. Most of the households that today are surveyed by phone every two years for the PSID were originally chosen in 1968. Survey participants' children—and now grandchildren—are also surveyed as they establish their own households.

The nation's 1.4 million nonprofits can use COPPS' findings to strengthen their efforts in many ways. For example, they can advance their fundraising by more closely tailoring their solicitation efforts to various types of donors, predicting the effect of changes in the economy or public policy on giving, benchmarking the success of their efforts and more effectively persuading donors to give. COPPS allows nonprofits to expand their volunteer bases beyond traditional sources, track retention rates of different types of donors over time or focus solicitation efforts on people who are most likely to donate.

"COPPS enables one to correlate giving habits with long histories of finances, family structure, residence location, and religion and consumption habits, which help with targeting campaigns and segmenting the market so we have just the right kind of appeals for the right kind of people," says Rich Steinberg, co-project investigator on the study and a professor of economics and philanthropic studies at IUPUI.

There are many advantages to COPPS. It can greatly expand the use of giving and volunteering data by social and political scientists because of its linkage to the PSID, and because the information is made available free of charge online in downloadable formats. COPPS increases the range of questions about Americans' giving and volunteering that can be answered, thereby encouraging increased numbers of people to study philanthropy. The design of the study and questions makes it much less likely than other philanthropy studies to suffer from respondent bias and increases respondent recall, improving the accuracy of giving and volunteering data.

In addition, COPPS allows nonprofit professionals to understand how different people in a variety of circumstances give and volunteer, and to examine how and why changes in personal, political, social, economic and other circumstances influence those decisions. COPPS also shows how those changes impact the amounts given, causes supported, time volunteered and types of volunteer work done.

Combining COPPS questions with an existing, established survey such as PSID has many advantages, says Mark Wilhelm, the lead project investigator of COPPS and an associate professor of economics and philanthropy at IUPUI.

"The PSID has extremely good measures of income and wealth," Wilhelm says. "By going back to the same families year after year COPPS can answer questions about how life changes affect giving in families. For example, there was a tax cut between the first and second year of our data collection, so we can estimate the effect of the tax cut on giving."

In addition, says Wilhelm, COPPS can study how childhood events may have affected adult giving habits. There's also an intergenerational dimension. "Because this survey has followed children of the original families, the PSID today has data on adult children and their parents who are still in the study. There's no other data source on giving and volunteering that gives information on the giving and volunteering of parents and their adult children."

MORE COPPS FINDINGS

Analysis of COPPS data by the Center's Campbell & Company Research Fellow, Takayuki Yoshioka, found that for 2002:

- About 45 percent of donors gave to religion while 55 percent gave to secular causes. The average dollar amount given to religion per household ($1,703) was twice the amount given to non-religious causes ($859). A higher percentage of people of the Jewish faith appear to give: 90 percent of Jewish people reported giving, compared with 69 percent of Protestants, 68 percent of Catholics and 63 percent of people of other faiths.
- Among households with income of $100,000 or more, 53 percent of donated dollars were given to religious causes. Households with income of less than $100,000 gave 67 percent of donated dollars to religion.

The nature of COPPS' frequent data collection makes it possible to see correlations between giving and each societal crisis, demographic shift, policy initiative, tax law revision or change in our nation's economy. COPPS can answer questions about the effect of these events on giving, backing policy debate with research, providing nonprofits with critical information to fulfill their missions and advancing scientific knowledge of prosocial behavior.

Key findings from COPPS include the following:

- Married couples exhibit giving patterns that flow with the life cycle, analysis of COPPS data for 2000 found. Peak giving happens between ages 40–65 and drops later in life. Donors who have never been married increase their giving after 65. Married couples between ages 40–65 gave more on average ($2,905) than donor couples under 40 ($1,499) and over 65 ($2,156).
- There is a strong transmission of religious giving behaviors from parents to children. If parents give a lot to churches, synagogues, and mosques, their adult children give a lot to churches, synagogues and mosques.
- Secular giving habits are also transmitted from parents to children, although the relationship is not as strong as for religious giving.
- There is only weak cross-over transmission from parents' religious giving to their children's secular giving. If parents give a lot to churches synagogues and mosques, it is more likely that their adult children give something to secular causes, but beyond that parents' giving to religious causes does not

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STORMY WEATHER

When disaster hits, does lightning also strike for non-disaster giving?

Earthquakes. Tsunamis. Hurricanes. Americans gave billions of dollars in 2005 to aid victims of such catastrophes. But when disaster strikes and donors respond, what happens to donations to non-relief nonprofits?

According to disaster giving research conducted by the Center on Philanthropy, not as much as one might think.

Research done by the Center and others about giving in response to previous crises indicates that disaster giving is unlikely to have a severe impact on most other nonprofits' fundraising. And to the extent that it might crowd out some gifts to some organizations in the short term, that effect is not likely to last.

For example, a majority of fundraisers nationwide reported that they believed giving slowed shortly after September 11, 2001. But only 18 percent of fundraisers surveyed by the Center on Philanthropy said that September 11th giving was having an effect on other organizations six months later.

Seventy-five percent of households surveyed by INDEPENDENT SECTOR, 84 percent of foundations studied by the Foundation Center and 72 percent of corporations studied by the Conference Board said that their September 11th giving was in addition to, not instead of, their giving to other charities. *Giving USA's* national nonprofit survey found that 56 percent of organizations ended 2001 ahead of 2000, which was one of the highest charitable giving years ever in spite of a recession that officially began in 2001.

Center researchers say the idea that disaster giving affects most charities in a significantly negative way is a misconception that is perpetuated, in part, by mass media coverage of the enormous amounts of money raised in the aftermath of several recent disasters. They say it is also partly due to some non-relief nonprofits' publicly expressed concerns that giving to disaster relief may come at their own expense. However, the full picture is more complex.

"In any given year, 36 to 42 percent of charities report raising less money than they did the year before, whether there's a disaster or not," says

Melissa Brown, who is managing editor of *Giving USA* and associate director of research for the Center on Philanthropy at Indiana University.

Giving USA is an annual report on philanthropy published by the Giving USA Foundation and researched and written by the Center on Philanthropy. The report surveys more than 7,000 nonprofits ranging from large educational institutions to small, community organizations.

Brown says that while it may be tempting for charities to point to "donor fatigue" (the assumption that people are tapped-out on giving after an event such as September 11th or Hurricane Katrina, for example) as the sole reason for lagging donations, many other factors contribute to an organization's fundraising success or difficulties.

Those factors include the state of the stock market, the fact that many charities stop asking for money in the wake of a disaster, and the implementation of programs such as the Katrina Emergency Tax Relief Act, which raised the amount of charitable giving that could be deducted from taxes in 2005.

"We know that changes in the economy, as measured by the stock market, is the single strongest predictor of changes in charitable giving," says Eugene R. Tempel, executive director of the Center.

If charities are concerned about decreased donations, Brown suggests that they look at internal as well as external factors. "Are they still asking donors for money in the aftermath of the disaster?" she says. "Are donors giving more or less each year? Are there renewal donors or a new crop every year? Is the organization showing what it's doing with the money, making a strong case for suport and providing appropriate stewardship to donors?

According to the December 2005 Philanthropic Giving Index (PGI), a semiannual national survey by the Center on Philanthropy, fundraisers' perception of Katrina's effect on charitable giving at other nonprofits didn't match their own experience. While 58.1 percent of fundraisers believed that hurricane relief giving negatively affected gifts to *other* charities, only 32.7 percent said that giving for Katrina relief came at the expense of their *own* organization.

"It is certainly possible that any effects may be felt unevenly across the nonprofit sector, with some organizations directly affected," says Patrick Rooney, director of research at the Center on Philanthropy. "There may also be an element of self-fulfilling prophecy. Some fundraisers may assume that other nonprofits are feeling the impact of donor's decisions to support hurricane relief, even if their own organization is not affected."

Center researchers note that some nonprofits may be more likely to be hurt than others, especially small human services organizations, which are often among the first to feel the pinch and among the last to recover when economic and other factors affect fundraising. They also often experience a "double whammy" effect, since demand for their services may increase just as fundraising is becoming more difficult.

So, how do nonprofit managers know which reports, surveys and studies about disaster giving to heed? Kathryn Steinberg, who conducts the PGI as assistant director of research for the Center on Philanthropy, says that in general fundraisers should trust research from knowledgeable, objective sources that study such issues regularly, such as universities and unbiased research institutes or think tanks. Research by a person or group with a vested interest in the outcome should be scrutinized carefully, she says.

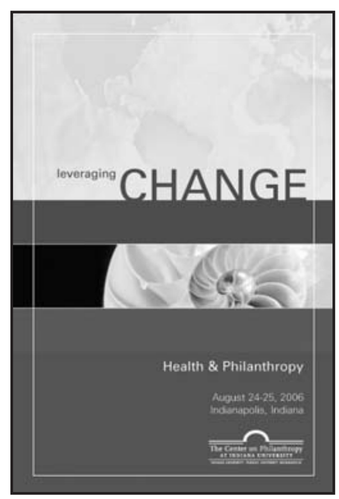
"[Nonprofit managers] might want to consider the time span between a crisis and a survey; many short-term perceptions or fears may not be born out over the longer run," Steinberg says. "This is especially relevant since fundraising is an activity with a long time horizon."

more info Contact Heidi Frederick at hkbaker@iupui.edu or (317) 278-8983.

Health and Philanthropy: Leveraging Change

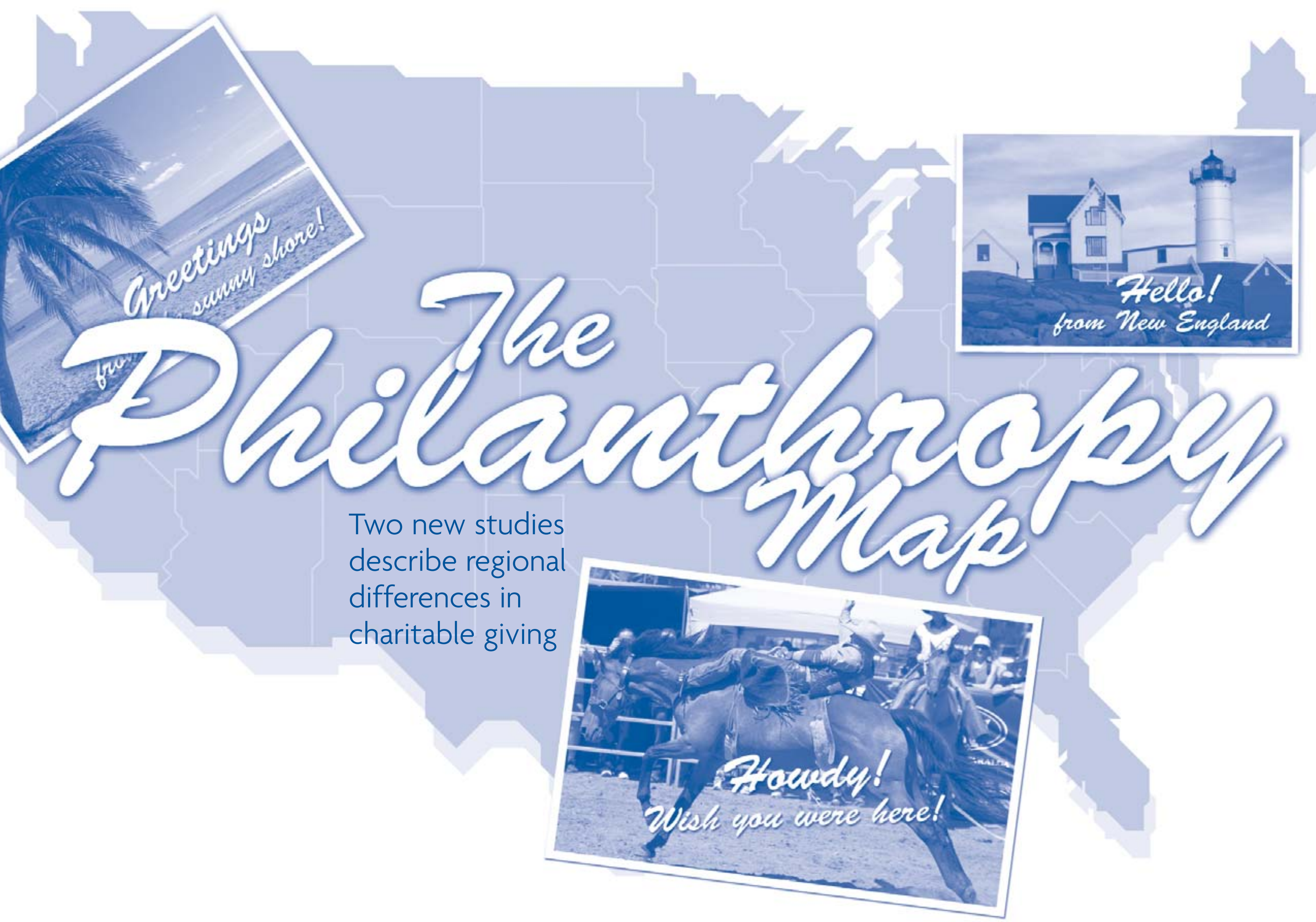
August 24–25, 2006
Indianapolis, IN
Register online at: www.philanthropy.iupui.edu

Philanthropy has served as catalyst, convener, crisis manager, consensus builder and change agent in health. Where can philanthropy be most effective — in solving pernicious problems, in addressing public policy issues, in championing education and prevention, in accelerating cures, in using technology to improve delivery, or in yet uncharted areas?



Register today for the Center's 19th annual symposium "Health and Philanthropy: Leveraging Change" August 24–25, 2006. Visit the Center's Web page at www.philanthropy.iupui.edu for the complete list of speakers and registration information.

The Philanthropy Map



Two new studies describe regional differences in charitable giving

A Hoosier, a New Englander, and a Texan are donors to a nonprofit organization. Who gives the most money? Who volunteers the most time?

Although it sounds like the set-up to a punchline, it is a serious question. Are there regional variations in charitable giving? How important are those differences and what do nonprofits and fundraisers need to know about them? Two new studies are providing valuable answers that researchers hope will benefit nonprofits and serve as springboards to understanding broader concepts of generosity.

It's challenging to decipher the conflicting numbers on regional giving available today. One complicating factor is that many regional giving reports, including some sponsored by local groups or others conducted by some national organizations, rely solely upon data about itemized charitable deductions on federal tax returns. Some states appear to have a particularly low or high average contribution when using tax data alone. However, those positions can shift dramatically when data are adjusted for factors such as household income and education. Additionally, using tax data alone to determine a region's "generosity"does not reflect the entire region's giving patterns, but only those of the percentage of the population that itemizes, which varies widely from state to state.

For example, since 1997, the Massachusetts-based *Catalogue for Philanthropy* has published the Generosity Index, which ranks charitable giving using only itemized charitable deductions from federal tax returns. It doesn't account for people who do not itemize their donations.

"Using IRS tax data, you're getting at most 30 percent, and sometimes as low as 14 or 10 percent, of a state's charitable giving," says Paul G. Schervish, director of the Center on Wealth and Philanthropy (CWP) at Boston College and a national research fellow for the Center on Philanthropy at Indiana University.

The Generosity Index's formula also favors low-income states over high-income states. Massachusetts ranked 49th out of the 50 states in the 2004 index, which used IRS data from 2002.

Schervish and his colleague John J. Havens, determined that even if Massachusetts residents had donated 100,000 times as much as they did, the state couldn't rise above 23rd in the rankings.

Seeking a more accurate measure of charitable giving, Havens and Schervish conducted a study for the Boston Foundation. Their report, *Geography and Generosity: Boston and Beyond*, was published in November 2005. It compares people's giving with their capacity to give.

Using information from a variety of sources, Havens and Schervish determined the aggregate income and aggregate charitable giving for residents in each state and the District of Columbia. They calculated income after taxes and adjusted it for cost of living to determine residents' disposable income. Finally, they computed each state's share of U.S. giving and share of U.S. disposable income, and then compared the two shares to get a giving-to-income ratio. For 2002, the District of Columbia, Utah, Maryland, New York, Connecticut, and California had the highest giving-to-income ratios. Massachusetts had the 12th-highest ratio.

The Giving USA Foundation also recently released the *Analysis of Regional Variations in Charitable Giving*, a study done by the Center on Philanthropy at Indiana University for the Giving USA Foundation. It augments IRS data with information from the Center on Philanthropy Panel Study (COPPS) about the giving behavior of more than 4,200 U.S. households. The study describes differences in charitable giving among residents of the nine U.S. census regions in 2002, including variations in giving to religious causes and to nine types of secular causes, from education to international affairs.

Charitable Giving in the United States, 2002

- 67 percent of U.S. households made charitable contributions of $25 or more.

- U.S. donor households gave an average total of $1,872 to charity, an average of 3.1 percent of household income.

- 40 percent of U.S. households gave 1 to 2 percent of their income to charity. 14 percent gave 2 to 5 percent of their income, and 13 percent gave 5 or more percent.

Source: Center on Philanthropy Panel Study, 2003

As in *Geography and Generosity*, the Northeast is central to the *Giving USA*/Center on Philanthropy findings.

Households in Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, and Vermont are more likely to donate to charities than are U.S. households as a whole (82 percent as compared to 67 percent). In addition, New England is the only region in the United States whose residents give a higher average amount to secular causes than to religiously affiliated causes; the region has the lowest average giving to religion among the nine regions analyzed. As a result, its overall giving was lower than that of other regions.

This and other information from the two studies will help nonprofits understand their current donors, tailor messages for different audiences, and identify prospective donors and areas for growth.

"In some regions, the percentage of households that are giving is particularly low, which represents a wonderful opportunity to engage new people," says Melissa Brown, associate director of research at the Center on Philanthropy and managing editor of *Giving USA*.

Although it's clear that some people give less than others, Schervish says, it's not fair to label residents of, say, New York as generous and residents of North Dakota as stingy.

Schervish notes that charitable giving can also be expressed by

donating time, volunteering services and taking care of friends and family members. And he points out that giving is influenced by many factors—including income, age, marital status and education level—that can change over time. Brown and Schervish say that their work has reaffirmed that generosity is deeply rooted in our lives, no matter where we live.

"People have more commonalities than they have differences," Schervish says. "Crossing a border doesn't necessarily mean that you'll find different kinds of people."

more info Order copies of *Analysis of Regional Variations in Charitable Giving* from the Giving USA Foundation by calling (800) 462-2372; the report costs $35 per copy plus shipping and handling when ordered using product code 2003-243. Download *Geography and Generosity: Boston and Beyond* at www.bc.edu/research/swri/features/generosityreport/.

"65/35" spending ratio, meaning they should spend at least 65 percent of total expenses on program activities and no more than 35 percent on administrative and fundraising expenses. Many organizations are easily able to conform to this expectation; for example, the cost study found that human services and education nonprofits spend an average of 80 percent on programs, while arts, culture and humanities organizations spend an average of 72 percent.

Unfortunately, the cost study researchers say, such measures are frequently flawed and thus should not be used as the sole or primary way to evaluate and compare nonprofits. The ratios usually are based on self-reported financial data from nonprofits' Internal Revenue Service Forms 990. But the study revealed that even when Forms 990 were prepared by auditors and CPAs, obvious expense reporting errors occurred.

Expenses often are misreported or misallocated on the forms, whether because nonprofits are intentionally trying to make it appear that their costs are low or because of a lack of understanding of proper reporting procedures. Reporting practices are inconsistent from one organization to the next, making accurate comparisons difficult. In this environment, the use of cost ratios puts nonprofits that report accurately at a distinct disadvantage.

Additionally, Form 990 is not required for religious organizations or for nonprofits grossing less than $25,000. Finally, cost ratios don't prevent and can't detect fraud or abuse within an organization.

The cost study also found that arbitrarily limiting how much a nonprofit can spend doesn't account for shades of difference between organizations, meaning relying on cost ratios can result in incorrect judgments about organizations' effectiveness or donation-worthiness. For example, newer nonprofits may have greater expenses for startup operations, while organizations supporting controversial or unpopular causes may need to spend more to raise the same amount of money as other organizations.

Controlled Funding

Smaller organizations are more likely to be adversely affected by funder restrictions on how much can be spent on overhead, according to the study's results. Large funders often insist on funding only program costs, or very limited funding of overhead; this affects all sizes of nonprofits, but disproportionately impacts smaller organizations, which often have fewer other options for covering operating costs.

Program spending ratios aren't the best measure of organizational effectiveness, the study's authors say. Some highly effective programs have comparatively high costs of administration and higher-than-average costs for fundraising efforts. Many activities that are considered best practices, such as strategic planning, evaluation, assessments, budgeting and accurate accounting cost real money but are imperative for overall effectiveness.

Emphasis on the spending ratio can prove detrimental if charities begin to value responding to such expectations over effectiveness and quality of service. In the long run, underreporting and touting low or no fundraising or administrative expenses undermines the nonprofit sector as a whole and makes nonprofits their own worst enemies when it comes to reaching their goals and getting the grants and other resources they need to continue operating.

The way funds are allocated is important to donors, and many donors consider application of their donations to overhead or fundraising costs to be misuse of funds. After the recent Hurricane Katrina disaster, many people restricted their gifts to victims of the tragedy. Focus group research has shown that donors expect worthy organizations to have low fundraising and administrative costs.

"Donors should not ask or expect relief organizations to dedicate 100 percent of their contributions to victims," says Eugene R. Tempel, executive director of the Center on Philanthropy. "Reasonable expenses for management, facilities, and fundraising are vital to charities' ability to respond immediately and to meet victims' urgent and long-term needs. Donors need to know that some expense for overhead is required in order for the organization to function well and to respond when needed, and that these costs can legitimately vary from organization to organization."

One way nonprofits can help the situation is by educating donors and the general public on what overhead costs are, why they're important and why people who want nonprofits to be effective should support such costs as part of the organization's overall mission. This education could come in the form of information added to an annual report, newsletter or agency e-mail or could be part of a board meeting, lecture or community meeting.

However organizations decide to disseminate such information, they should bear in mind, says Tempel, that current donors are already predisposed to support their mission. Their perception of what funding nonprofits should be "allowed" may change upon hearing a more straightforward and complete explanation of the importance of supporting appropriate administrative and fundraising costs.

more info Visit www.coststudy.org for findings and guides for donors, boards and accountants. Call the Center on Philanthropy at (317) 274-4200.

PROFESSIONAL DEVELOPMENT MATTERS

NEW! Online Grant Proposal Courses

The Fund Raising School of the Center on Philanthropy now offers two online versions of its popular grant proposals course.

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What you will learn:

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- Identify funding sources and make the right match for your organization
- Formulate an idea and develop it into an organized, competitive project
- Create a budget
- Understand the grantmaker's perspective and why proposals are accepted or rejected

Preparing Successful Grant Proposals: Advanced

This six-week course is for experienced fundraisers currently preparing a proposal or planning one in the next quarter. Participants should finish the course with a complete proposal package ready to submit.

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- Develop a proposal for a potential investor
- Understand and respond to the proposal review process
- Examine ethical and administrative issues of proposals and grant administration
- Understand the grantmaker's perspective on making a funding decision
- Review proposals and understand factors that influence success

more info For more information or a complete directory of course offerings, call (800) 962-6692 or visit www.philanthropy.iupui.edu/funds.html.

Giving Insight *continued from page 5*

make it more likely that their children give more dollars to secular causes.

One of COPPS' unique features is that it can distinguish differences between the giving of those whose wealth is largely inherited and those whose wealth is entrepreneurial.

Giving by those who have inherited money seems lower than giving from income, says Steinberg, but more time is needed to see whether part of the reason has to do with a possible trend among young entrepreneurs toward building wealth in the early part of a career so there's more to give away later. Although it can't be tested, he says, "One possibility is that the children recognize their parents could have given to charity, but instead passed it on to their children. It may induce them to continue to pass it on to their children's children—maybe a dynastic motive."

The ability to look, with great accuracy, at the growth and decline of giving over time is an important aspect of the study for many uses, including policy analysis, says Eugene R. Tempel, executive director of the Center on Philanthropy. Tempel says the information may ultimately aid policy makers. "If we can demonstrate that the level of taxation has a positive or negative impact on giving, that's information policy makers can use in setting tax policy."

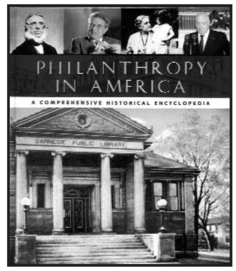
The COPPS dataset is currently available for free online, and researchers hope that future funding will enable them to simplify the data for those who aren't accustomed to working with complex data files. If funding allows, COPPS data will continue to be collected every two years.

"These data are a scientific tool," says Wilhelm. "It may seem a little over the top to say the COPPS data are like the Hubble Telescope, but in our world of giving and volunteering, that's a good analogy. COPPS helps us see and understand things in ways we couldn't before."

more info To view more findings from the Center on Philanthropy Panel Study, visit www.philanthropy.iupui.edu/COPPS_2006.html. COPPS working papers on several topics are available at www.philanthropy.iupui.edu/working_papers.html. Nonprofit professionals and scholars who would like to access the COPPS dataset can e-mail Heidi Frederick at hkbaker@iupui.edu or call (317) 278-8983 for assistance and user information.

Bookmarks

Philanthropy in America: A Comprehensive Historical Encyclopedia
Edited by Dwight F. Burlingame
ABC-CLIO, 2004
3 volumes, 1,200 pages
Print, $285; e-book, $310; both, $450



Designed to be a resource for a variety of readers from students and the general public to philanthropy professionals and scholars, *Philanthropy in America: A Comprehensive Historical Encyclopedia* is the first-ever encyclopedia on the subject, condensing more than 400 years of philanthropic history into three volumes.

Articles by nearly 200 scholars and leaders in philanthropy provide biographies of notable philanthropists and social movement leaders. The encyclopedia also includes histories of organizations, explanations of ideas and practices; a timeline from 1600 to the present; and philanthropy-related legislation, judicial decisions and documents from The Federalist Papers to the Civil Rights Act.

"The encyclopedia demonstrates that the world of philanthropy and formation of the nonprofit sector are shaped by a confluence of people, circumstances and events," says editor Dwight Burlingame, professor of philanthropic studies, associate executive director and director of academic programs at the Center on Philanthropy at Indiana University. "The breadth of articles and documents shows that philanthropy has evolved into a highly organized field that nevertheless continues to be deeply influenced by individual passions and personalities."

The print edition of *Philanthropy in America: A Comprehensive Historical Encyclopedia* is available for purchase on the Center's Web site at www.philanthropy.iupui.edu/books.html or by calling (317) 274-4200. **A special 20 percent discount is available to *Philanthropy Matters* readers through July 15, 2006.** (This discount applies only to print orders that come directly to the Center.) An electronic version can be purchased at www.abc-clio.com.

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