Colby Reade:

Good morning and good afternoon, everyone. Thank you so much for joining us today, depending on your time zone. I am Colby Reade. I'm the director of communications for the MJ Murdock charitable trust. We are so pleased that you could all attend this valuable discussion.

Colby Reade:

I have just a few quick housekeeping items before we turn things over to our moderator and our panel. Please feel free to submit your questions you may have in the Q&A box below. We are hoping to have time to answer at least a few questions from the audience before we wrap things up at the end. This session will be recorded. You will receive a link to the recording after today's session via email, and we will post the recording on our website, Murdocktrust.org as well. So please feel free to share this with your colleagues and with your network.

Colby Reade:

And finally, I want to personally thank our three panelists and our moderator for joining us today. At the Murdock Trust, we've had the opportunity to partner with each of their organizations through the years, and we plan to continue to collaborate with them into the future. We truly appreciate that Philanthropy Roundtable, Center For Effective Philanthropy, and Independent Sector continue to focus on collaborative conversations, just like this one, in order to find solutions that serve the common good.

Colby Reade:

That all being said, I am now happy to introduce our moderator Romanita Hairston-Overstreet. Romanita served as a program director here at the Murdock Trust for several years before moving on to her current role, where she gives leadership to philanthropy and innovation work. Romanita, it's all yours.

Romanita Hairston-Overstreet:

Thank you, Colby. It's a pleasure to be here today. I am excited and proud to introduce our panelists. We're pleased to have with us today Elise Westhoff, president and CEO of Philanthropy Roundtable, Phil Buchanan, president Center For Effective Philanthropy, and Dan Cardinali, president and CEO Independent Sector. Thank you all for being with us today. And we're going to jump right in. And our first question is for you, Dan.

Romanita Hairston-Overstreet:

Like all sectors of community and business, philanthropy has evolved over time. While some of these transitions have been gradual, most have been more abrupt, particularly in the last year and a half. The historic events of the last 18 months, driven largely by COVID 19 and the pandemic, have helped to drive rapid change to the way individuals, businesses, and foundations practice giving. The question for you, Dan, where do you believe we will go from here? What do you believe the next two to three years have in store for philanthropy and the nonprofit sector? And are there ways you hope that philanthropy will engage in the conversations around these developments?

Dan Cardinali:

Great, thank you, Romanita, and to the Murdock Trust, thank you for hosting this. And it's always a pleasure and honor to be with Elise and Phil. So really delighted to be here.

Dan Cardinali:

A couple of things. One, most of us have been following the trends. I'm going to highlight a couple of things and take a little bit of a deeper dive. We know from this year and a half that the pandemic really slammed the sector along with business and government for that matter, and really highlighted the fragility, not uniformly, but certainly substantially in the sector. If you were a smaller community-based organization, you were particularly vulnerable to the economic impact. And if you were a larger, well-resourced, you tend to have a little bit more running room. So I think there is a lesson learned from the pandemic that community-based organizations, which are integral to the health of communities, are particularly vulnerable when there are these massive impacts and will require from philanthropy, a kind of smart patience and capacity building moving forward.

Dan Cardinali:

The second thing I think it is important to pay attention to is that the government, when they were stepping in, and I think given the magnitude of both the economic impact, the disruption to people's lives, and then the racial reckoning that also ensued during this year, the government stepped in multiple times to provide needed resources to really prop our nation up. At the early on stages of the process, the government was not including civil society in their economic strategies in terms of stimulus. It was a group of non-profits, including Independent Sector, but others as well, that had to really remind them that we were the third largest employer and that we were kind of at the front lines in much of the kind of maintenance and survival of communities during the pandemic. And so I think it really highlighted the need for government to have a much more intentional engagement with the sector in a routine way as a partner and not just assume we're going to be there even in the midst of crisis.

Dan Cardinali:

So from our vantage point, there are some significant lessons learned. One of the things that we're looking towards the future of the following items. The first is that by all estimations, John Hopkins doing some of the best work, we're going to see another probably year and a third before the sector returns just to where its employment level was before. So we have some real work to do, and I think philanthropy will need to play a really important role in accompanying nonprofits and figuring out how to do that in a sustainable and smart business way. One study that will be coming out in the fall that has been sponsored by a bunch of us, Independent Sector, George Mason, American University, Urban Institute, will look at the before and after effects of the pandemic from a financial health of the sector. And that may give all of us a terrific roadmap.

Dan Cardinali:

And the final thing I'll say is that there was a very powerful lesson learned, and I hope it will be a habit that we build moving forward. And that is the many, many philanthropic institutions kind of paused their theories of change and their programmatic funding, shifted into general operating, and began to engage their nonprofit partners in a deeply kind of co-creative and intentional way. Not assuming that the philanthropic institutions had the answer or were looking to nonprofits as contractors, but really talking about how do we navigate the impact of the pandemic on our communities and what role do nonprofits play in helping support that?

Dan Cardinali:

So there was a really wonderful recalibration of power and a real kind of an invitation to a co-creative process, where the innovation for many, many nonprofits were done kind of hand in glove with philanthropy. I think this could be a very powerful, hopefully future signal of how we navigate the power differential and how communities through nonprofits and philanthropy get to kind of co-decide and invest their human and financial resources kind of driving the work the communities see best. So I was very, very encouraged by seeing that.

Dan Cardinali:

And the last thing I'll say is we do know that billions, and I mean many billions of dollars, are continuing to flow out of Washington, and philanthropy and nonprofits in many places are collaborating and helping government make really good decisions. This is a really helpful sign, and I hope that it will continue post-pandemic. The government and nonprofits and philanthropy are really sharing power and making good community-based decisions based on what communities need and function to kind of the overall common good. So that's what would be my opening line.

Romanita Hairston-Overstreet:

Well, thank you, Dan, one, for all of your insights and particularly your emphasis on the power of collaboration and partnership across all sectors to bring about the kinds of changes we all want to see in the world. Appreciate it. For the panelist, this next question, one of the biggest challenges facing philanthropy and the giving community is how to invest resources to ensure that every individual has an opportunity to flourish and thrive. This has been a significant focus of the last several years, but gained even greater emphasis again in these last 18 months. It's also a very emotional issue that can become divisive very quickly, and we appreciate that all three of you have spoken publicly on these topics and you have all emphasized the need to work together on solutions and the commitment to hearing diverse viewpoints to craft solutions that help everyone flourish and thrive.

Romanita Hairston-Overstreet:

Elise, we're going to start this question off with you, but it is a question to both of you and Phil. You two have recently had some public discussion on the topic of whether a push to fund certain needs is leaving other communities behind and how to navigate that challenge. We'd love for both of you to elaborate on your perspectives. Elise, again, we'll start with you and then with Phil. And then Dan, we know you've also been looking at this issue quite extensively, and so we'd love to have your thoughts following the two of them.

Elise Westhoff:

All right. Well, thank you. First of all, thanks for having me today. It's really a pleasure to be here and to be with all of you. It's an important conversation. And Dan, I just want to say, I agree with so much of what you were saying in the last question, particularly on the way that funders worked collaboratively with the nonprofits on the ground. It was really incredible to see that, and that was actually a point that I was hoping to make on that last question. And I'm glad that we agree on that because I think it's really important and something that should continue into the future. It's a really positive sign.

Elise Westhoff:

I want to start with something that I think we all agree on this panel, which is that every one of us wants every individual to flourish and thrive. I think we all share that goal. And I also just want to be clear about what the round table and our supporters believe. So we believe in eliminating barriers to opportunity for everyone and empowering them to reach their unique potential. We absolutely condemn racism, antisemitism, extremism, and hate in all forms. And we lift up organizations that fight these evils, and that's what they are. We believe in equality of opportunity and that every person, everyone, should be treated with dignity and respect.

Elise Westhoff:

I want to recognize that America is very complicated. We have a complex history. We have real problems. Absolutely, yes, there was slavery. We've had racism and we still have discrimination that exists today. And I think that's horrible and I think we can all agree on that. That being said, I do believe this is a good country with good people and that we have a constitutional framework here that allows individuals to pursue life, liberty and happiness, and no other country in the world has that framework that we have.

Elise Westhoff:

And ultimately, fundamentally, this comes down to a difference in worldview and how philanthropy approaches societal challenges. I know that we all want our sector to succeed and help people in need, and that's why these discussions are really important.

Elise Westhoff:

So what I've been challenging and some of my writing is a worldview that puts people into different identity groups and all of the consequences that I think go along with that. So we may disagree on the exact language here, but to me, what I'm seeing is something that boils down to creating a society with two groups. There are victims and there are oppressors. And I think that's the problem with identity politics. Sometimes I think philanthropy is using that to pick winners and losers. And in doing that, I'm worried that we're abandoning our shared goal of helping all people to thrive.

Elise Westhoff:

So here are some solutions that I think the round table would make a difference and that our network of donors have been investing in for decades. We believe every child and every family deserves access to a quality education. And that's why we unapologetically support school choice. We believe in rational criminal justice reforms that balance safety with individual rights. We believe in programs that offer workforce training and help people find meaningful employment so that people can break the cycle of poverty, which is not an easy thing to do. And there are dozens of examples like this.

Elise Westhoff:

One thing that I'm really concerned about is some of the pressure, shaming, silencing, and just the general lack of curiosity that's happening in our sector and more broadly in our culture. And the last year, there has been tremendous pressure on funders to view all problems through the lens of race and gender. And while I understand the passion behind this thinking, I think it interferes with the missions of many nonprofits who are also doing laudable and worthy work.

Elise Westhoff:

Let me give you a real world example. I know of a camp for kids with down syndrome. It's doing some really important work in their community. They're already strapped for resources and they were pressured to take on an added task of fighting for racial equity. And it just doesn't make sense. I believe organizations should focus on their core mission. Philanthropy is just, it's a very powerful tool and we have important choices to make. And these are complex issues. They're not simple. I think we should be willing and able to have robust discussion and to think about how debate can help us move forward and make progress, but productive debate. So at the end of the day, we may agree to disagree, but I think the future of philanthropy will be brighter if we allow a diversity of ideas and causes to be pursued. And the diversity of causes that Americans care about reflect the diversity of our country. And that's a wonderful thing and I think we should embrace that.

Romanita Hairston-Overstreet:

Thank you, Elise. We'll now turn over to you, Phil.

Phil Buchanan:

Thank you. Romanita and good to be here with you, Dan, and with you, Elise. First off, I just want to say something about Dan's comments. We see in our research at CEP that as difficult as it was for nonprofits, and it was difficult, when we compare the data about what nonprofits thought that they would have to do to what actually happened, they actually fared better than they feared. And maybe it's easier for me to say this than it is for you, Dan, but a big reason is because of the work of you and Independent Sector, Tim Delaney and the National Accounts On Nonprofits and others, to make sure that that eligibility for the PPP happened. And I'm hopeful that we take away from that, like you, just a greater awareness on the part of policy makers of the role of the sector.

PART 1 OF 4 ENDS [00:15:04]

Phil Buchanan:

And I would also echo you and Elise in terms of my hope that some of the funder practices that shifted because they had to will be sustained when we realize that's actually a better way from an effectiveness point of view, or rather when donors recognize that.

Phil Buchanan:

I mean, I'll say and Elise knows this, I was disappointed by Elise's post or her op-eds, as well as the piece by Rick Graber, her board chair, and the decision that's been made clearly to target foundations like Ford and Mellon and equate their focus on combating racism within neglect of poor whites or rejection of capitalism. I think this is really troubling because it's divisive and it's false. Darren Walker, who Elise and Rick have sort of gone after in their posts for his appearance on 60 minutes, specifically discussed both the need to focus on rural white poverty and his belief in capitalism in that very interview. But it feels like facts don't matter. They're using, right-wing talking points about critical race theory and woke-ism and actually dividing rather than seeking the common ground that Elise spoke of.

Phil Buchanan:

I just want to give you a flavor of it, here's a quote from Rick Graber's op-ed. Major foundations, he wrote, I'm quoting, are committing staggering levels of funding to efforts that sound good, but in reality make it harder to start or maintain a business, value identity over initiative and perpetuate the false defeatist narrative that America is a land of racism not opportunity. And Elise wrote quote, people focused philanthropy is on the way out. In its place a philanthropy that disempowers and divides has taken over. She says donors, quote, are being asked to view all problems through the lens of particular identity groups while ignoring others in the country who are suffering unquote. And she says it foundations like Mellon and Ford quote, perhaps they care less about helping white Americans who are oppressors, according to critical race theory, unquote.

Phil Buchanan:

I'm not naive, I know these are the talking points of some on the far right, including many in the National Republican Party who have hitched themselves to Donald Trump. But principle conservatives like those among the donors and foundations who work with CEPs clients and who fund us, believe it is crucial to acknowledge the reality, and it is a reality, of systemic both historically and in contemporary America and to seek to dismantle it. The data on everything from lifespans to rates of arrest and incarceration for the same alleged crimes to exposure to toxins, to getting a mortgage, to traffic stops tells us that the kind of focus that Darren Walker of the Ford Foundation and Elizabeth Alexander of the Mellon Foundation are bringing to these issues is badly needed. These leaders, who I know personally and full disclosure Ford Foundation is a significant funder of CEPs, are in fact, patriotic bridge builders who believe in pushing the country to live fully up to its ideals. At a time when we should be looking for common ground, organizing a campaign to go after them, maybe to cancel them, to tear them down with innuendo is wrong.

Phil Buchanan:

And at least four pieces by Philanthropy Roundtable leaders have gone after the Ford Foundation specifically in the past few months. Look, debate is healthy, critique is good, but only when it's rooted in fact, and every single one of those pieces was fundamentally inaccurate. And speaking of accuracy and then this is the last thing I'll say on this, we have a choice right now as a country and as individuals about whether we will acknowledge historical truths and facts, whether about slavery or about lynchings or about Jim Crow or about policing today or our criminal justice system or efforts to make voting more difficult for certain people or what actually happened on January 6th or whether we won't. We have a choice about whether we both acknowledge the unique evils of racism and forge alliances across racial lines, or whether we won't. These op-eds would have you believe it's a zero sum game, but the opposite is true. Everyone benefits when we address injustice.

Phil Buchanan:

I'm an optimist and I believe ultimately even those who disagree about many issues of policy will come together and protect our democracy and make sure this country lives up to its ideals, which means protecting the rights of each of us. So that's my thought on Elise's peace and her board chairs.

Elise Westhoff:

Do you mind if I respond to that Romanita?

Romanita Hairston-Overstreet:

I do not mind. But let me first just take a moment to take a deep breath and thank both of you for being here and being willing to bring your worldviews to this conversation. I want to thank both of you for your commitment to equality and values, and for being willing to have the discussion. And then Elise, please feel free to respond.

Elise Westhoff:

Thank you. I appreciate that. I do want to just say, as I said, in my opening statement, I absolutely acknowledge racism and I condemn racism and I condemn anti-Semitism and extremism and hate. I've never ever said that in any way to anyone that I supported the insurrection on January 6th. Never. I think you're putting words into my mouth and making assumptions that are not accurate. So I just want to correct those things.

Elise Westhoff:

I think it's important to recognize that in order to have a debate and a discussion about something, we have to be able to talk about what we're talking about. I think Darren Walker, he probably doesn't remember me, but he was one of the very first people I worked with and my nonprofit career. He is a wonderful person, this isn't a personal attack in any way. This is a difference of worldview that I'm bringing to light. And I think it's important to have a discussion about the different ways to make change. So I think it would be more productive for us to have a conversation about the here and now, because I think there's a lot Phil. I understand where your passion is coming from. I understand where the passion of really everyone who's involved in this issue is coming from.

Elise Westhoff:

Let's talk about the actual issues, right? It's hard to do that in an op-ed, but you just talked about criminal justice reform. I believe in criminal justice reform, I think we should have criminal justice reform. Let's talk about our education system and how it's failing kids. Let's work together and how we can fix these things. There are disparities. I acknowledged those disparities. This is a matter of, it's not an unwillingness to want to address them, it's just a difference in how we do that. I see that you are a good person who wants to fix problems and I hope that you can see in me that I genuinely want to help people, I think that's what our sector is here for. And in order to do that, we've got to be able to acknowledge all of the complexity that's here, because these are not simple issues. They're complicated.

Elise Westhoff:

I appreciate what you're saying. I see that you're a good person who wants to do the right thing. I also see that in Elizabeth Alexander and Darren Walker, absolutely. This isn't about people, it's about ideas. And I think we should be able to talk about them. And that means actually talking about what we're talking about.

Phil Buchanan:

I couldn't agree more that we should talk about these ideas. I just think we've got to do it in a way that's not caricature, that's rooted in the reality of what those foundations' strategies actually are and those pieces were not. And I wonder if you did any research to try to understand, did we reach out to Darren and ask him? Why did you not, for example, note that he has specifically and pointedly called out his belief in capitalism, which Rick says he's undermining or the importance of focusing on rural white poverty in the very interview in which he said, he's dividing because he's overlooking rural white poverty. So I just think, let's have that conversation, absolutely. Let's have it rooted in facts. Let's not try to paint these folks as divisive for seeking to identify and dismantle racism and other forms of discrimination and inequality, which the Ford Foundation, as you may know, focuses on a number of issues including gender disability. So let's just have it rooted in fact, rather than caricature.

Romanita Hairston-Overstreet:

Just in the interest of time. I want to take a moment here and Dan, I know you've done some extensive work, so we want to hear from you. I want to thank the two of you for being willing to have this discussion in public. I want to thank the two of you for what I hear as your personal commitments to justice for everyone. And I want to thank you for your bravery, this discussion around the differences in world views is one that the country is struggling to have. And so to see the two of you come together around the premises of how do we focus on what's important? How do we decide based on core competencies? And also to bring to light the challenges of understanding each other through the written word, I think the value of what the trust has provided the opportunity to do here is what is most needed in society. The opportunity for individuals to not respond to their social feeds and their Facebook posts, but to get to know one another and to have the warm human conversation that the two of you are choosing to engage in, in front of a lot of people. And so thank you for that.

Romanita Hairston-Overstreet:

Dan, I want to invite you to add some comments here as well.

Dan Cardinali:

Yeah. I'm just kind of just being present to the exchange and just want to echo your words Romanita, Elise and Phil, thank you. What I might offer is a little bit of our journey at Independent Sector, and it's actually threads pieces of what both Phil and Elise said. I'm going to start with the notion of all people thriving and flourishing, and that is a driving our north star. We believe civil society is a unique contributor to the fact that all people can thrive, without it we see a diminished life. And so at Independent Sector, we care about the health of all of civil society contributing to that. And we also hold a notion of kind of an anthropology. What does it mean to thrive? And we believe that the individual thriving is inextricably linked to the thriving of the community, you can't have one without the other. And so that leads us then always to ask who among us is not thriving as an important preoccupation for civil society to say, when those on the margins, whoever they are, are not thriving, we all suffer. And so part of civil society's responsibility is to reflectively ask that question.

Dan Cardinali:

And so then we do embrace a pretty analytic look and I'll use my personal experience, I spent almost 20 years in public education. And it was very clear traveling across the United States and urban, rural, and suburban environments that if you were brown or black or an immigrant, you were disproportionately in poor schools and didn't do as well as your suburban white students. If you were poor and white and rural, you also didn't do very well. So that has led us to believe that if you look at structures, which you have to do in order to understand how you can unleash collective and individual flourishing, you then have to brace strategies.

Dan Cardinali:

And I think the beauty of civil society is we're uniquely positioned to step into that work. So I would use a historical analysis in order to understand trends of how people have either not flourished or not. Racism in the United States is an enduring fact, so is classism. We at Independent Sector believe unless you can get to the heart and keep a racial analysis as an integral part of your analysis, you will unintentionally undo systems. It doesn't mean we impose that on people, we ourselves, proceed that way.

Dan Cardinali:

But I then want to cite another piece that I think is also at play in this conversation. And there was an extremely powerful article in Science Magazine in the end of October of last year that talked about political sectarianism. And what it did is it really kind of did a meta-analysis and it cited something that is really important. It basically said there has been a shift from an interrogation of ideas to an interrogation of individuals or parties. And I think we are being invited as civil society leaders to hold the tension and not get sucked up into this vortex. And they talk about political sectarian as having three key characteristics. Otherizing, an aversion or dislike of the opposition, and a moralization that basically turns the other as sinful in the sectarian sense of it. So we're caught like everybody in this massive cultural vortex.

PART 2 OF 4 ENDS [00:30:04]

Dan Cardinali:

So I think it is incumbent on us to step into a deep interrogation of what we mean by flourishing and build out a transparent analysis that allows us to embrace, I believe, both the momentary and the historical analysis. And again, independent sector is very clear, if you're not putting a racial analysis into your analysis, then you're probably not fully interrogating the historical and structural analysis. But we start with the anthropology of what does it mean to flourish. I think that's a pathway out.

Romanita Hairston-Overstreet:

Thank you so much, Dan. And again, thank you to the three of you. This is probably the meatiest and hardiest question we will have today, and you all have shown up with great integrity and reinforced values that are extremely important, and demonstrated an example to all of us of how we come together around these topics. So thank you again.

Romanita Hairston-Overstreet:

Our next question starts to focus on the needs arising from the pandemic. Have also raised questions regarding how much funders should be giving, and whether it makes sense to change the requirements regarding minimum payouts to drive more dollars to nonprofits. In contrast, there is data on giving that shows most funders already give above the required levels, and that increased minimum payouts might actually stifle giving. Dan, we're going to start with you here. What do you believe we will see in the next few years regarding payout requirements? And are there any alternative proposals that you have seen that would inspire more creative giving?

Dan Cardinali:

So I'm going to try and be kind of bulleted here, just because I think there's a lot. There is no doubt that the pandemic put in very high relief the fact that nonprofits needed additional resources when much of the funding dried up. Most nonprofits are funded by fee for service and then government contracts; both those were under siege. And I have to say, as I said at the beginning, philanthropy stepped in beautifully. We saw increased payout rates. There was the freedom to be able to do that. We saw some great innovations, Darren Walker et al. did this wonderful bond experiment. Phil and I were part of a public conversation at SSIR around should we have increased payout rates for a period of time.

Dan Cardinali:

And I think I certainly landed with the notion that we want to maximize the freedom for philanthropic institutions to wrestle with the right problems. Some should be able to say yep, we're going to pay out, and we should be able to do that. I have a couple of board members that absolutely stepped into that work. Others are working on multi-generational difficult problems, like climate change, and want to be able to make sure they have a long view on their resources. So I think it depends on the issue that you're wrestling with. And so that's kind of independent sector's position. I will say we do believe, and we saw it two weeks ago, that Congress will be turning to philanthropic reform. Probably not in the next 12 months or even 24 months, but it is very much on their minds. So we saw the Accelerating Charitable Efforts Act.

Dan Cardinali:

We have some thoughts on that, but I will leave you with this point about what we should be thinking about. As we think about whether it's donor advised funds, or traditional philanthropic institutions, or quite frankly the universal charitable deduction which would unleash massive giving among the small givers, a couple of things to think about, three questions. What's the end goal of the reform? Is it for the institutions, for the sector, for the receivers of the money? Who is better off: clients, marginalized communities, the institutions? And what is the debate that we're trying to resolve? Is it a sense that there's been a huge aggregation of wealth and we need to redistribute resources? Is it that nonprofits are at the center of innovation and are strangled with their ability to be able to innovate and contribute to public policy? There's a number of issues that I think we want to wrestle with. I do think it's going to be on the horizon, and I think we as an independent sector certainly was going to begin to contribute more fundamentally to this conversation. There are other terrific institutions.

Romanita Hairston-Overstreet:

Thank you, Dan. Elise or Phil, would you like to weigh in on this one?

Elise Westhoff:

Sure, I'll jump in if that's okay. There's so much that I agree with in what Dan just said. At the Roundtable of philanthropic freedom is really central to our mission. And I want to just be clear that that comes from a philosophical place, not just from a sort of protecting interests of our supporters. So a lot of what Dan said really resonates with me. I think this is about the role of the independent sector, and we believe that the best way to support and encourage charitable giving is to protect its voluntary nature, and really ensure that everyone can participate. And so we would protect and fight for anyone's right to give, and how, when and where they choose regardless of whether we agree.

Elise Westhoff:

We just talked about a difference in worldview in the last questions, and I think those debates are really important and we should have them. But I actually think it's encouraging that I don't think we need to debate the fundamental right of people to give freely and take different approaches. What Dan said about different needs requiring different approaches, some of them are more long-term, I would argue that play space giving is another example of something that people can decide to give and invest in their communities over the long-term. And in some smaller communities that don't have a lot of new businesses or new philanthropies popping up, having that kind of stable philanthropy that's really doing a lot of work in their community, that's really important over the long haul, available for the next crisis I think is incredibly important.

Elise Westhoff:

I do think that the pressure for more regulations and mandates will likely continue, I agree with that. But there's a reason why these proposals are controversial. I think some of them are not, to Dan's point, thought through very well in terms of thinking about all the unintended consequences, and sort of thinking down the road about what these could mean. And what are we actually trying to do? Who are we trying to help? Did we bring all the right people to the table to have these discussions and really think through the data, what we're trying to accomplish, and how we get there?

Elise Westhoff:

So I think just because we oppose efforts to regulate charitable giving, that doesn't mean that we shouldn't encourage discussion around best practices. For example, I ran a foundation that decided to sunset, and that's a model that we learned about at the Roundtable as a best practice. And I think that it's important that we encourage that kind of discussion, but I think it should be kept separate from kind of jumping quickly into regulations that we're not really sure of the unintended consequences of.

Phil Buchanan:

My view on this is maybe a little bit different. We're not a policy oriented organization, we're not in DC, that's not what we do. So I'm just speaking as somebody who's worked in philanthropy for 20 years. And first of all, I would acknowledge, and it's really important I think to acknowledge, that a lot of foundations stepped up their giving. We saw a majority of nonprofits that we surveyed said that they received increased foundation giving in 2020. And the giving USA number suggests a 17% year over year increase. And they did that because they thought from an effectiveness point of view, in terms of their goals that's what they wanted to do.

Phil Buchanan:

That said, when I look at the response to the bill that was introduced recently, I was surprised by the sort of instinctive, don't touch anything kind of a reaction. And on the foundation side, it doesn't seem that controversial to me to provide, for example, a tax incentive for folks to give at a higher level, or to suggest that certain things shouldn't count toward the charitable spending threshold. And yet there's been sort of fierce resistance to this. And then on the DAF side, I think it's complicated. But there are some issues here. And I have known Pam Norley who runs Fidelity Charitable for many years, and I have great respect for her. And I also said to her directly what I would say here, which is they don't have a good enough policy about dormant accounts, they should do more. And that said, is the specifics of that proposal, are they right? I don't know. I have concerns about community foundations and the degree to which I'm not sure they've really been a part of the conversation. And I have concerns about the idea of a sort of sunset.

Phil Buchanan:

But I think we should have a conversation, rather than just sort of instinctively resist anything, because it's not like people just jumped to this. Actually, the regulations have been more or less the same for decades. And it's not as if we're talking about interfering with people's right to give. What we're talking about is the charitable deduction, which is nowhere to be found in the Bill of Rights. So it is reasonable for policymakers to say, "Hey, given this charitable deduction, are there any changes?" And I think it's reasonable to think that the current regulatory framework, which largely again is something that dates back decades, might not be perfect for the moment. It should be a conversation. I think community foundations, other DAF providers need to be in that conversation. But I'm not sure why there was such a sort of rush to say, no, don't change anything.

Dan Cardinali:

Can I just weigh in one thing? You cut across a lot there, Phil. So I would just bucket it by saying the sector hasn't yet had a transparent, open collective conversation about any of this. There have been pockets of people moving ideas, which has been great. It's actually kind of put a set of conversations. But I think now is the time to have a full bodied, public conversation that allows for real interrogation of the questions that I laid out. Like what will happen? Do we know? So we know, for example, you mentioned the charitable deduction. A universal deduction would fundamentally increase the number of givers. Right now we have fewer and fewer givers in the United States giving larger and larger chunks of change.

Phil Buchanan:

Right.

Dan Cardinali:

And originally in the Act that was in there, and then somehow it got pulled out, how did it get pulled out? What was the discussion? What was the negotiator? Who did that? So I just think there's a whole bunch of stuff that I think we're in alignment with. And I think Elise said the same thing, let's have a full-throated conversation. And certainly at IS we've been looking at this in our public policy committee, and had sector leaders, including one of the architects of some of the ideas of this Act, in the conversation. So it's not like this isn't going on. It's not like folks aren't taking it seriously.

Dan Cardinali:

By the way, and I appreciated your call-out, we just had a pandemic where had those of us focused on public policy hadn't intervened with the Paycheck Protection Program we would have lost 4.1 million additional non-profit jobs. So in terms of prioritization of what's important, those in Washington were saying let's put our time and energy expanding political capital this way. So it's just a complicated moment. I am all about philanthropic reform, if it's necessary and to do it in a smart way. But I also believe in kind of transparent interrogation of ideas, which I think is incredibly important.

Elise Westhoff:

I would agree with that.

Romanita Hairston-Overstreet:

I'm sorry, I want to thank you all. There are two more questions, and I want to really make sure we get to them. And we want to take questions, and I see just people are so interested and intrigued by what you all are saying. So we have two more questions, and we've got about six minutes until we're going to open up to other folks' questions. So just a note to you all as panelists, we could probably have this conversation all day. And so thank you, I appreciate it in this last discussion, talking about how do we really get to those places where we can have those full body discussions. And thanks for taking the first step here with this panel.

Romanita Hairston-Overstreet:

This next question, we're going to start with you, Phil, and it is around donor intent. One of the greatest challenges in philanthropy is the matter of donor intent. How do we balance the wishes and desires of the person who made a gift against the needs, desires, or expectations of the current community or context? And I'd love it if you could share an example or two of a strong strategy you've seen where an organization has evolved to maintain the donor intent as time has passed and community needs have evolved.

Phil Buchanan:

Sure, thanks. I think honoring donor intent is obviously important, and I know Joanne Florino at the Roundtable has done a lot of work on this topic and put out a guide. I, again, take an effectiveness point of view. And what I try to encourage donors to understand is that context and needs change. And so being overly prescriptive about what your foundation should be doing 50 years after you're gone isn't necessarily the best decision from an effectiveness and impact point of view. I also believe, again from an effectiveness point of view, that one of the things that good donors have is a healthy dose of humility, that they can't possibly see everything in the future, that they can't know all the answers. And so they set up foundations or institutions with clear values, processes, ways of staying connected to those closest to the ground. So I'm inspired by folks like Amos and Barbara Hostetter, who are the donors behind the Barr Foundation.

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Phil Buchanan:

And they have decided to actually have the foundation to be majority non-family board members over time, because they think that's the right thing from an impact and effectiveness point of view. Other people are going to make different decisions. But to me, I don't see sort of donor intent as a crisis and philanthropy. I do think that again, the effectiveness issue is more about donor humility and awareness.

Romanita Hairston-Overstreet:

Thank you, Phil. Elise or Dan, do either one of you want to make a comment here?

Elise Westhoff:

I would, if that's okay, Dan. So we would take a little bit of a different view on this issue, I think as Phil knows. So one of our core values is that upholding donor intent is really essential for philanthropic integrity. We just believe that those who are charged with carrying out donors' wishes, have an ethical obligation to do so to their best of their ability. I worked at a family foundation, when you're in a fiduciary role, you have an obligation to follow the intent of the donor. And we had a variety of perspectives on how to best do that and carry out our mission. We had core principles that were really important to the donor. We invited a lot of different conversation and discussion about how to best do that. And I think that's really positive, but the donors wishes and their core values have to be at the center of those conversations and in the round tables' view.

Elise Westhoff:

So we have encouraged some best practices on how you can do that, capturing exactly what you mean about what your core values are and how to just be clear about that. So that people who are carrying out your wishes for the money that you earned is carried out in the right way, having it in your bylaws, being careful about who you put on your board, and then talking with the next generation. If it's a family on how to get involved and making sure that they understand that. I say we would have a slightly different take on that, and he's right that Joanne Florino has done a lot of great work on this, and we have a lot of resources available for those who do feel that it is an important aspect of philanthropy.

Romanita Hairston-Overstreet:

Right. Well, we have about two minutes. I'm going to ask this last question, and then we'll just have everyone to be brief. I've already got our first question lined up from the audience. This question is around faith-based giving, and we're going to start with you, Elise. Historically faith-based organizations in communities have been some of the first to respond to need in the event of prices and in the pandemic, it was no different. These groups came alongside of people in need to provide a variety of services, including meals, healthcare, and childcare to individuals and families in need. There are a growing number of funding organizations that exclude faith-based groups from the opportunity to apply for support. In fact, while individual giving to faith-based groups is on the rise, and so we're seeing fewer philanthropic organizations investing in these organizations. Considering the important work that they do, are there ways that you can see that we can reverse this trend and encourage more giving to groups with a faith background, and should we?

Elise Westhoff:

Yeah, well, I think we should. I think going back to what I just said, donor intent is important. So you have to find a way to... It has to be within the framework of your donor intent for you to do that. And everyone has a different donor intent. So it's nothing that we would ever force. But I do think that during the pandemic, we saw faith-based organizations prove their enormous value in their communities, and going back to just sort of how local giving became and how people... Those churches, synagogues, mosques, all different faith backgrounds, really served as centers for their community, both in getting food to people in need.

Elise Westhoff:

They had the trust with their community to serve as centers for vaccination even. So there's a lot of value there. And I think even if it's not really clear in sort of what your particular mission is, it's worth considering the role that faith-based organizations play in their communities and the trust that they have with their communities, and consider partnering with them because there's a lot of good that can be done there, so that's my very brief response.

Romanita Hairston-Overstreet:

Great. Is there anything Phil or Dan you want to add quickly before we go to the first audience question?

Dan Cardinali:

Just want to add one brief piece and that is, and Elise just highlighted, but I want to double down on it. We do an annual trust report for civil society, both for philanthropy and for nonprofits. And last year our new one will be coming out I think in July. And it's quite interesting. I'm not going to give any teasers, but something from the 2020 report that I think is really important that the closer to community you are the higher the trust for nonprofits are. And faith-based institutions make up a disproportionate number of community-based organizations. So they're highly trusted, and they have their pulse speed often on what is going on in the community. So as philanthropy thinks, and I'll just use the racial equity movement, Bridgeband just released a very, very good report about two months ago on faith-based institutions.

Dan Cardinali:

And one of the two things that I'm going to highlight from that is one, for those folks that want to engage around equity, community-based, faith-based institutions are a non-negotiable, and they're often not in the mix of people's conversations, which leads me to my second point, which is also in that article and full disclosure, I was a reader, and this is a point that I drove home, so it's the broom I'm flying around on. Often, philanthropy has turned to faith-based institutions as contractors, and they've instrumentalized them. The real challenge is, if you're going to engage with faith-based institutions, is there an openness for a co-creative mode, which means you're actually available not to be proselytized, but to fully interrogate and understand the value set that any faith based institution is engaging with, as you develop your work. And I would argue that that is a very underdeveloped muscle and one that I would challenge us as a sector to really begin to build.

Romanita Hairston-Overstreet:

Great. Phil, did you want to add anything here, or should we move to-

Phil Buchanan:

Just agree that faith based giving is obviously crucially important. I'm not sure it's actually... I have not seen the data that suggests that increasing number of foundations are excluding faith-based giving, maybe that's correct. It is still the biggest category by far, of giving $131 billion last year. And we talk about this all the time in many of the foundations we work with as the Bridgeband report points out, if you're working on human services, you're going to be funding frontline, faith-based organizations, many of which are doing extraordinary work.

Romanita Hairston-Overstreet:

Well, thank you all for your responses and your presence to the questions thus far. This first question from the audience, several weeks ago, SSRI reported there was a significant shift in the allocation of foundation or funder dollars. 85% of giving was awarded exclusively to frontline food scarcity, homelessness, and medical support. While understandable and notable, that significant shift created a panic and stress amongst other nonprofits, that do not focus on basic services. How should nonprofits respond to this shift? Do you think this will adjust back as the pandemic recedes? And who would like to go first?

Dan Cardinali:

Phil, you may know the data, I can make just one point which is, look, during the pandemic, food banks, frontline workers, shelters were absolutely under siege and much of their funding dried up almost instantaneously. So I think it should be lauded that given the need that communities were experiencing, philanthropy was able to pivot and make the set of investments to ensure those least among us, had the safety net to be able to survive and get on the other end of the pandemic. What that then means moving forward, I hope, is that understanding how those institutions need to be prepared for such disasters in the future, philanthropy can play an important role.

Dan Cardinali:

There's also a public policy role around sufficiently reimbursed contracts that allows them to build reserves, et cetera, et cetera. But I'm not so worried that other institutions, certainly arts institutions were hit really hard. There's been some funding that has come out of that through a lot of advocacy efforts. So it feels like the sector is getting its sea legs back.

Phil Buchanan:

I completely agree with everything Dan just said, and would just say, this is why it's so important that foundations actually were willing to step up their giving, so that they were able to both be responsive and to hopefully maintain support for institutions that they had been supporting that might not have been on the front line of providing human services during the crisis.

Elise Westhoff:

Great answers, agree.

Romanita Hairston-Overstreet:

Okay Elise. Well, we'll give you the first to go with this next one. This last question that we'll ask here is I'm curious, what is one thing that each of you as panelists, has learned about the other panelists' point of view that you didn't know before we started this conversation? Or was this just confirmation of what you already thought?

Elise Westhoff:

Well, I think that both Phil and Dan are very committed people in our sector. They're both very passionate and they're knowledgeable, and I respect both of them, that hasn't changed at all. I do think it's been nice to have a ‘face-to-face’, hopefully at some point we'll get to actually be face-to-face, conversation about some of the tough topics that we're dealing with. I think we need more of that. It's really, really hard to do. These are hard, hard issues to talk about, but they're important. And I'm glad that we were able to do that today. I think we need more of it across the board in our society. And I just want to thank Phil and Dan for being open to my perspective and for the respectful exchange we were able to have. I think that was for me, a very heartening thing to see.

Romanita Hairston-Overstreet:

Thanks Elise. Bill or Dan?

Phil Buchanan:

Sure. The question presupposes that we didn't sort of, supposedly we didn't know each other and I know Elise and I actually have reached out to her early in her tenure and we have had private, spirited exchanges of different perspectives even before the pieces we talked about. And I know her to be a smart and decent person, and Dan I've known for about 100,000 years. And every time that I talk with him, I'm just so impressed by his incredible ability to make sense out of the complicated. And so nothing about my time with Dan today particularly surprised me, no offense, Dan. But you were totally on brand as being smart and thoughtful. We have areas where we disagree and then lots where we agree. So I appreciate being a part of the conversation with both of you, Elise and Dan.

Romanita Hairston-Overstreet:

Thank you Phil.

Dan Cardinali:

Plus one Elise and Phil, Elise and I don't know each other that well though, we've been on a number of calls. So it's people of extraordinary goodwill with deep passion and commitment, only good things can come out of that, and it's been great.

Romanita Hairston-Overstreet:

Well, thank you all. Colby, thank you for the honor and the trust to being able to moderate this conversation, I will turn it back over to you.

Colby Reed:

Excellent. Romanita, Phil, Elise, Dan, we are so grateful for your time, for your candor today. As we've said multiple times, there are some really complex challenges facing philanthropy, and we could talk about these for hours and days potentially. And we hope to continue the conversation with you and with many other voices throughout the philanthropic sector in the coming months and years. In the meantime, we would like to thank everyone for joining us today. We will have a recording of this available, and we will be keeping up to date as we have continued conversations and additional opportunities for new speakers to join in the dialogue as well. So thank you all very much, we hope you have a wonderful rest of your day.

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