
EXECUTIVE SUMMARY

**PATHWAYS FOR CHANGE:
Philanthropy Among African American,
Asian American, and Latino Donors in the New York
Metropolitan Region**

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**CENTER ON PHILANTHROPY
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**Coalition for
New Philanthropy**

African American, Latino, and Asian American donors give to create pathways for people excluded from access and opportunity. We spoke to more than 150 donors of color in New York City about their philanthropic contributions. They reported annual monetary giving that totaled more than \$3,000,000 with median household giving of \$5,000. They give to community organizations and churches, but especially to educational programs and institutions. They volunteer time and serve as leaders by fundraising and working on boards. They are passionate about their philanthropy and they want to know more about philanthropic vehicles and possibilities.

As part of its work with the Coalition for New Philanthropy—an initiative to promote philanthropy in African American, Asian American, and Latino communities throughout the metropolitan New York region—the Center on Philanthropy and Civil Society conducted structured one-on-one interviews during 2002 and 2003 with 166 African American, Asian American, and Latino donors in the New York metropolitan area. The purpose of this study was to learn more about what motivates donors of color and what they hope to achieve with their giving.

WHY STUDY GIVING IN COMMUNITIES OF COLOR?

Communities of color are growing in size.

The United States is increasingly diverse, especially in urban areas. In New York City African Americans, Latinos, and Asian Americans comprise over 60% of the population; in the surrounding metropolitan region more than 40%.

Communities of color have increasing assets.

There is growing wealth within communities of color, not only in terms of income, but also as measured by educational attainment, occupation, and home ownership. Not only is the need for giving great, but also there is increased capacity to give. As a number of studies attest (including this one) household giving by donors of color is substantial (by some measures topping national averages).

Nonprofit organizations carry more of society's burdens.

Fiscal constraints and shifting governmental priorities have placed an increased burden on community-based organizations to address social problems. To meet the obligations these organizations need to cultivate donors with ties to the community.

In addition giving in communities of color is important because ...

- Giving and volunteering promote and are forms of civic participation.
- In an era of general dissatisfaction with the political process, giving provides a key link between the individual, the community, and the broader society. It is a fundamental and positive aspect of the American system.
- Giving sustains traditional values. People of color have long and strong histories of giving on which they build from generation to generation.
- Giving is about investing in the future and collective community ideals.
- Giving reflects and develops qualities of leadership and individual initiative. It is, as donors told us, a counter-balance to materialism and self-involvement.

And finally, philanthropy is an agent of change.

It is tightly tied to social and political conditions, and as these change so do philanthropic practices.

THE STUDY

This study used a combination of selection techniques to identify and interview donors of color—donors who had given annual gifts of at least \$200 were drawn from organizational lists as well as referrals.

The interview was designed to listen to donors and learn from them about:

- Amounts of money and time contributed and recipient organizations.
- Motivation and intentions for giving.
- Decision-making processes.
- Ways organizations can more effectively partner with donors.

Of the 166 donors we interviewed, 58 were African American, 53 Latino, and 55 Asian American. African Americans and Latinos were about half male and half female; Asian Americans were about 60% female. Ages of donors ranged from 23 to 94, and the three ethnic groups had similar proportions of younger and older (about one-third below the age of 40 and two-thirds 40 and above).

More than half of the African Americans, older and younger, were born in the United States, as were more than half of the younger Asian Americans. For the older Asian Americans, and for Latinos younger and older, about half were born abroad. Younger donors overall were more likely to identify themselves as bi- or multi-ethnic.

Donors we interviewed are well educated and have relatively high income, surpassing census data averages for New York City. The midpoint was in the range from \$100,000 to \$149,000, with 70% of the donors reporting household income over \$100,000. Most of the older donors hold senior positions in nonprofit and government sectors while most of the younger donors work in financial services and Wall Street firms.

STUDY HIGHLIGHTS

Generational differences are important.

While there were some differences across ethnicities (African Americans gave more to church, Latinos to community-based organizations, and Asian Americans to ethnic cultural institutions), the most substantial differences were found between older and younger generations— those born before and those born after the enactment of Civil Rights legislation and immigration reform in the mid-1960s.

Differences are subtle. Older African Americans, Latinos, and Asian Americans we interviewed tended to focus on their respective ethnic community. Younger generations have a broader, less racially and ethnically circumscribed view of community.

“...My long-term objective is ideally to start a foundation for kids. Not for kids of a specific ethnicity but more focused on talented children that lack resources whose parents cannot afford to pay for it. I would like to find a way to cultivate their talents. I want to make sure that all kids that deserve it [are educated], regardless of color, kids who for financial reasons are not able to develop and be properly educated...because no one is giving them the opportunity.”

[from a younger generation Asian American donor]

Younger donors emphasize individual attainment as a means to uplift community, and they favor nonprofit organizations that provide educational training and that adhere to business models of operation to a greater extent than the older generations. Because younger donors represent an emerging group of potential philanthropists, one that is likely to grow given current economic and demographic trends, these differences have important implications for the future of giving and fundraising efforts.

Largest donations go to community organizations and education.

The following table illustrates primary areas of giving, based on the two largest donations made by interviewees in the year preceding the interview. Older generations of African American, Latino, and Asian American donors gave more gifts to organizations serving their own ethnic communities respectively, including the church, which historically has played a key role in economic development in the African American community. Younger generations gave more to educational programs that offer enrichment and opportunity for high school and college students, especially for those with talent and ambition to succeed in competitive universities and later in high status occupations.

**SELECTED AREAS OF GIVING
BY ETHNIC AND GENERATION GROUPS**

	African American		Latino		Asian American	
	Older Generations n=38	Younger Generations n=20	Older Generations N=35	Younger Generations n=18	Older Generations n=34	Younger Generations n=21
AREA OF GIVING:						
Church	55%	30%	17%	28%	21%	24%
Orgs serving one's own ethnic comm.	21%	10%	66%	22%	74%	33%
Orgs serving the inner city	24%	5%	17%	17%	6%	10%
Schools or colleges	21%	30%	26%	22%	24%	38%
Educational programs	11%	60%	6%	61%	3%	33%

These are selected areas of giving, and are taken from the two largest gifts. Totals do not equal 100%.

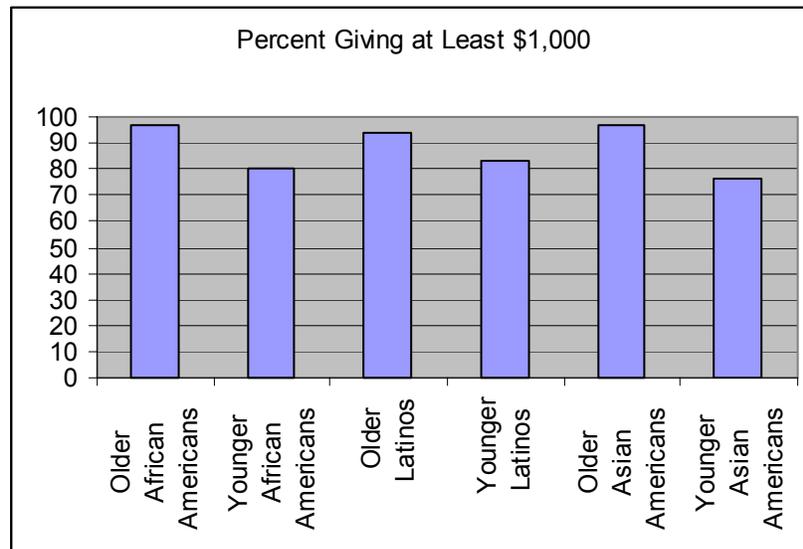
Donors in communities of color are generous.

Reported levels of giving were generally high, with an overall median of \$5,000. This surpasses the national averages (Independent Sector's 2001 report: *Giving and Volunteering in the United States*) for households that give but do not volunteer (\$1,620) as well as for households that practice both (\$2,295). Note that unlike Independent Sector reports, the current research report is not based on a true random sample survey of the population and therefore cannot be construed to represent average giving for entire ethnic groups. What it does provide is evidence of active donors within the African American, Asian American, and Latino communities.

Among the 166 donors we interviewed, total household giving in the year preceding the interview ranged from \$200 to \$1,000,000, with a median of \$5,000. There were 19 people who gave one gift (or cumulative amount) of \$10,000 or more to a single organization. Types of organizations receiving higher-level gifts did *not* differ from those receiving smaller gifts. Even at the \$10,000+ level ethnic donors did not necessarily look to mainstream organizations to be the recipients of their largess. Most often funds were kept in the community or, when they were not, went to mainstream organizations for programs targeted to advance minority interests.

- Older African Americans gave a median of \$7,250, with 97% reporting giving at least \$1,000. Younger African Americans gave a median of \$2,000, with 80% reporting giving at least \$1,000.
- The median for older Latino donors was \$5,000, and 94% reported giving at least \$1,000. Among the younger Latinos the median was \$4,000, with 83% reporting giving at least \$1,000.
- Older Asian American donors gave a median of \$5,500, and 97% reported giving at least \$1,000. The median for younger donors was \$2,000, and 76% reported giving at least \$1,000.

ANNUAL HOUSEHOLD GIVING BY ETHNIC AND GENERATION GROUPS



International interest is high.

For all donors in this study the primary interest was in domestic and local programs and organizations. However, 13% gave one of their two largest gifts to an international or bi-national program or organization (compared to the national population where, according to *Giving USA 2004*, 2.2% of total estimated giving goes to international affairs).

Remittances, crises, and disaster relief donations did not figure prominently among the largest gifts. This agrees with the Hispanic Federation survey (2001) which found that increased education leads to less giving for disaster relief and more giving for education and job training.

Giving to education is tied to social change.

Education is a key recipient of philanthropic dollars and is directly tied to the desire to advance fundamental social change.

Young professionals, as well as many older donors, believe education is the best hope for ameliorating community conditions and for making structural changes. Education means opening a gateway to success for those with talent and ambition and creating a new social order. Education is seen as *the* key resource, whose acquisition by the community is transformative, leading to better housing, better health and, ultimately the empowerment of the community.

“What troubles me the most, in this country... each different group in society has different access to resources, the basic resources: education, housing, health care... And it has a snowball effect, I mean, if you don’t get a good education then you won’t be able to get a good job and then you don’t have money so you can’t afford health insurance, etc...” [from an African American donor]

Many donations are made to training programs that help young people develop their potential. When donations are made to mainstream educational organizations, they are usually earmarked for students of color. They are made to provide access to education, rather than institutional support.

Social justice is a primary motivation.

Whatever the specific or immediate underlying motivation, donors we interviewed (younger and older and across racial and ethnic lines) expressed a strong desire to effect social change. They consistently spoke about wanting to remedy injustices and lack of equal access. They told us that difficulties, experienced by

preceding generations, should not have to be suffered again. This desire went beyond ameliorating adverse conditions to attacking root causes and “isms”, such as racism, classism, and colonialism.

Civic engagement is high, but does not translate into direct political giving.

Commitment to advancing social change did not translate into consistent financial support for political candidates and campaigns (but note that interviews did not cover a presidential campaign year). Interest in politics appears to be declining. It was highest among older Latinos and African Americans and lowest among younger African Americans and Latinos. Some older donors we interviewed expressed disillusionment with the political system, while younger donors expressed a preference for direct engagement and individual solutions.

Economic empowerment is seen as key to having an impact.

Young professionals see their philanthropy as a way to create pathways for other people of color to enter financial services professions. They see economic empowerment and participation in the marketplace as the best way to impact the nation’s economic, social, and political policies.

“I believe that this industry [financial services] drives the U.S. economy more than people can imagine. The ability to influence and to make a difference is phenomenal when you understand what’s going on in the capital markets and if you understand what’s going on on Wall Street, ... and if we don’t get access to that, then it just continues to retard our ability to have a significant impact.” [from a younger Latino donor]

Volunteering is widespread.

Ninety percent of the donors volunteered in the year preceding the interview.

Donors, younger and older, volunteer because they want to help improve the lives of others in substantial ways. We were not likely to hear that volunteering was a social activity or that it was to appease feelings of guilt and give handouts to the poor. Interviewees expressed the desire to share their energy and knowledge as a way of making the world a better place for people lacking opportunities or needing greater access to resources. Young professionals are especially passionate about volunteering and mentoring.

Philanthropy starts young.

In general, the individuals we interviewed conform to a pattern. They begin volunteer work before or during college and develop a strong interest in serving. Later, as professionals they respond to opportunities to serve again. They often take on leadership roles in organizing events, and joining boards. The ability to make contributions is often combined with a willingness to leverage money through fund-raising events, matching gifts and donations from firms, and reciprocal arrangements through networks of professionals.

Donors give most to organizations where they have personal connections.

The most often stated reason for giving more to one organization than to others involved a personal connection, such as church membership, organization board service, or other volunteer work. Younger generation donors tended to give to educational programs with which they had direct personal experience from participating in the program themselves or through volunteer work.

Donors demand professionalism, transparency and accountability.

Donors of color want to see a professional presentation of an organization’s mission and purpose, a detailed accounting of how funding has been allocated, and a list of specific accomplishments. Then, it is not enough to make general appeals for money—each donor wants a clear picture of how he or she fits into making the organization better and more effective, and ways in which additional funds will lead to quantitative and qualitative improvements.

“The organizations need to display their accounting and demonstrate their results. They need to show that they are viable. I want to know that last year the organizations raised X amount of money and that with that money they set up a program to serve X number of people.” [from a Latino donor]

There is a large, under-tapped need for philanthropic advisement.

Common among older and younger African Americans, Latinos, and Asian Americans is the tendency not to ask for advice regarding their philanthropic activities. However, they told us they would like to know more about giving. There were five types of advice sought by donors:

- Information about organization mission and focus.
- Reports on organization integrity and achievements.
- How and how much to give related to what can be accomplished.
- Methods and vehicles for giving.
- Financial planning advice.

RECOMMENDATIONS

A central purpose of this study is to provide information to nonprofit organizations regarding ways they can more effectively partner with donors. Based on findings from the research, we offer the following recommendations:

1. *Generational Differences*

Differences between generations are important. Nonprofit organizations need to be aware that younger generations see community, as well as the role of education and business models, differently than older generations.

Both generations see giving as a way to promote social change. But younger generations see empowerment most likely to come from gaining entrée into Wall Street and building financial networks, rather than from marching on Washington. Activities that build on this model of change will be of greater interest to post-Civil Rights generations of donors of color.

2. *Donors should be approached on many levels.*

Giving operates on many levels and has multiple motivations. For the donors we interviewed there are intellectual, philosophical, ideological, familial, spiritual and emotional components. It is important for nonprofit organizations to operate on as many of these as possible.

Here are several ways this can be done:

- Engage potential donors at a young age through volunteer programs, mentorship opportunities, and when possible build alumni or alumni-like networks.
- To the extent possible build ethnic-based networks that can operate in or affect mainstream organizations. This may have particular resonance among younger donors.
- In this regard, and especially among younger donors, develop appeals that evoke cultural identity or ties, but avoid creating an “ethnic box”.
- Create leadership opportunities. Donors we interviewed view their philanthropy as an element of leadership.
- Find ways to tap into donors’ energy and enthusiasm. Some donors have already started charitable projects, programs, funds, and endowments; others dream of setting up programs. Nonprofit organizations need to develop ways to tap into this potential.
- Exploit the expertise of donors: older donors may have expertise and years of experience in fund-raising; younger donors, more likely to be working in financial services, can negotiate matching funds and gifts from their firms.
- Create opportunities for face-to-face interaction and presentations of what donations have accomplished. Donors we spoke with derived a strong sense of reward when seeing the results of their giving.
- Donors have a sophisticated understanding of social problems and a commitment to effect change. Nonprofit organizations can emphasize how their work in a particular arena addresses a broader social agenda. For many of the donors we interviewed the distinction between providing amelioration and addressing root causes of social problems is a false dichotomy. Nonprofit organizations can show how their efforts address both symptoms and causes of social inequalities.

3. Nonprofit Organization-Donor Relations

Obviously, it is important to cultivate a positive identification with donors on the part of nonprofit organizations. Personal connections and honest appeals are invaluable. We heard a great deal about the need for community based nonprofit organizations to be more transparent, accountable, and business-like. Some of what we heard translates directly into the following recommendations:

- The appeal has to be impressive both in content and in form—a nonprofit organization needs to be efficient and communicate its message clearly.
- Donors want to partner with organizations and need an understanding of how additional funds will lead to quantitative and qualitative improvements, including a clear accounting of how dollars are spent.
- Donors want ease of giving. Consider the following:
 - e-mail invitations to events
 - e-mail appeals
 - website-based giving
 - electronic newsletters with photographs showing how people have benefited through donor gifts.

4. Donor Education

As much as donors, especially the younger generations are focused on a business model, we found significant gaps between the philanthropic dreams of donors and their knowledge of philanthropic vehicles. This opens up an area of opportunity for nonprofit organizations.

- Young business professionals are interested in applying business models. Therefore it may be best to make the “philanthropy education” process a two-way street where donors can contribute their own business knowledge and experience to nonprofit work.
- Nonprofit organizations can develop interactive training activities. As they do, they should underscore the effectiveness of strategic philanthropic vehicles, the benefits of collaborative giving, and the capacity of local nonprofit organizations to bring about the type of social and structural change desired by donors.
- Nonprofit organizations can position themselves as the bridge between providing assistance to individuals and families and encouraging systematic change. To do this they may want to develop engaging outreach strategies including speakers series, seminars, brainstorming sessions, and curricula, with input from donors.

5. Cultivating New Donors

- Service Users as “Alumni” Donors

We have found that many of those we interviewed became involved with a particular organization because they, a family member, or close friend relied on the organization during a critical point in their lives. A way to build future donors is by letting users know how the organization supports the community and how those services are financed. Here increased visibility of the nonprofit organization and its community role is valuable.

- Volunteer Programs and Internships

Almost all of the donors we interviewed started their philanthropic careers as young people through the giving of time. Hands-on involvement, which remains a significant and emotionally satisfying experience, translated in many cases to direct financial support over consecutive years.

Volunteer programs and internships, especially if they have a mentoring component, are a way to attract young emerging donors who have the potential to remain loyal and longtime supporters of the organization.

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