Philanthropy and Non Profit Organizations in the United States

1.2 million organizations are registered as non-profit organizations in the United States

- They include organizations in the social services, health care, and education, as well as arts and cultural institutions
- All have a humanitarian purpose and private governance
- They are a major component of Civil Society (The Third Sector)

Non profit organizations are funded from a number of sources:

- Membership Dues
- Fees for Services
- Government Grants
- Philanthropy
Role of Philanthropy

Definition: Donating financial support to increase the well-being of human kind.

(Private action for the public good)

• Historically a part of charity, but generally thought of as giving money rather than volunteering services

• Can be provided by individuals, groups, or organizations

• May be local, national, or international in scope

• Essential for successful functioning of non profit organizations in the United States

Types of Philanthropy

Individual

Annual Giving Campaigns
• Individuals and organizations donate money each year (sometimes through payroll deduction)

• Funds are then allocated to non profit organizations
  
  Example: United Way (distributed to many social service agencies)

Major Gifts
• Individuals and/or organizations make one large gift (at once or over a period of years) to a specific agency or project
  
  Example: Endowed professorship at a university

Deferred Gift
• Individual commits sum of money at some future date
  
  Example: Stated in a Will

• Sometime set up through a Trust
  
  Example: Charitable Remainder Trust
**Types of Philanthropy**

**Organizational**

**Foundations**
Non-government organizations established for the purpose of making grants to unrelated organizations, institutions, or individuals for charitable purposes.

1. Private foundations derive money from a family, individual, or corporation
   *Example*: Ford Foundation or Gates Foundation

2. Family foundations are smaller private foundations set up by a family to provide funds for a specific purpose and sometimes a specific agency.

3. Public foundations (including community foundations) derive support from diverse sources, which can include other foundations, individuals, and government agencies
   *Example*: New York Community Trust

**Corporate Giving Programs**
1. Established to provide charitable giving with funds allocated from a profit making business

**Uses of Philanthropy**

**For Non Profit Social Work Agencies**

- **Endowment** – Provides a stable base of funds for permanent programs
- **Foundation and Corporation Grants** – Provide funds for special projects and new initiatives
- **Annual Funds** – Provide funding to promote and expand agency programs

**For Schools of Social Work**

- **Endowment** – Provides permanent source of funds for senior faculty positions and/or student financial aid
- **Foundation and Corporation Grants** – Provide funding for research and program development projects
- **Annual Funds** – Provide opportunity for alumni to stay in contact and contribute to scholarships for current students
Philanthropy for the Non Profit Social Service Agency
(An Example from the United States)

Social Service Agency Budget $5,000,000

Sources of Funding:

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>70%</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>35%</td>
</tr>
<tr>
<td>Foundation Grants</td>
<td>30%</td>
</tr>
<tr>
<td>Annual Fund</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>30%</td>
</tr>
<tr>
<td>Government Grants</td>
<td>20%</td>
</tr>
<tr>
<td>Fees for Service</td>
<td>10%</td>
</tr>
</tbody>
</table>

Philanthropy for Social Work Education at a Private University
(An Example from the United States)

School of Social Work Budget $10,000,000

Sources of Funding:

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>15%</td>
</tr>
<tr>
<td>Endowment Income</td>
<td>5% to 10%</td>
</tr>
<tr>
<td>Foundation Grants</td>
<td>5% to 10%</td>
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<tr>
<td>Annual Fund</td>
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<tr>
<td>Other</td>
<td>80%</td>
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<tr>
<td>Tuition</td>
<td>70%</td>
</tr>
<tr>
<td>Govt. Research Grants</td>
<td>10%</td>
</tr>
</tbody>
</table>
Philanthropy for Social Work Education at a Public University
(An Example from the United States)

School of Social Work Budget $10,000,000

Sources of Funding:

- Philanthropy 5%
  - Foundation Grants ............ 3%
  - Other ........................... 2%
    - Endowment
    - Annual Fund
  - Other 95%

- University (tuition) ......... 85%
- Govt. Research Grants ...... 10%

Philanthropy for the Social Services and Social Work Education

Conclusions

- Philanthropy has played a major role in the development and the sustainability of the Third Sector in the United States.

- The funding of non-profit social services has depended heavily on various forms of philanthropy.

- Educational programs for social workers have also received considerable benefits from philanthropy.

- Philanthropy comes in many different forms and it is important to match the type of philanthropy with the function of the program or project.

- Many social agencies and educational programs for social workers have Development Officers, who are responsible for accessing philanthropic funding.

- Social agency directors and social work deans in the United States must be knowledgeable about sources of and avenues to philanthropic funding.