

What's Wrong With Charitable Giving-and How to Fix It

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It's hard to overstate the crisis facing charitable giving today. So let me just say it as plainly as I can: Much of current philanthropic giving, by foundations and individuals, neither meets the needs of our charitable organizations nor addresses some of our most urgent public needs.

Foundation practices today are too bureaucratic, inflexible and cautious, and too focused on short-term objectives. Too often, the process and procedures of grant making are more tailored to the needs of foundations and their trustees than to the requirements of nonprofits.

At the same time, our depressed economy is exacerbating this crisis-and making it all the more crucial that we address it. A severe reduction in available public and private funds has put many important nonprofit groups, especially at the local level, in grave danger. Cutbacks in their budgets and programs are depriving their clients of essential health and social services.

A number of nonprofit associations and foundations have called on the government to provide more funds and loans to struggling nonprofit organizations. Such aid would no doubt help, but the primary responsibility for maintaining the strength of the nonprofit community should rest with philanthropic institutions and individual donors.

What can foundations and others do to make a difference for the nonprofits and the people they are designed to help? Here are nine changes that would go a long way toward making philanthropy do what we all claim we want it to do.

... 9. Fund the Watchdogs

A related problem is the shortage of funds for advocacy and watchdog organizations that monitor and assess government policies, public agencies, nonprofits, business and other major institutions. Among such watchdogs: the Project on Government Oversight, the National Committee for Responsive Philanthropy, Common Cause and the Center for Public Integrity. Foundations are reluctant to fund activities that are controversial, generate inordinate publicity and create too much criticism.

Yet, if we want a healthy and vibrant democracy, one that honors fair play and accountability, we must establish and support more watchdog groups to patrol our vast number of public and private-sector organizations. For foundations and wealthy individual donors, this is probably their most demanding challenge.

If philanthropy, in exchange for the enormous tax benefits it receives, is to exercise its full

responsibility to our society, it will need to change the way it does business and sets its priorities. It will have to pay greater attention to the views and requirements of nonprofits and to the public's demand for greater accountability.

If foundations do not change, the public will have every right to question whether American taxpayers are getting their money's worth.

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