

# Donors: Wise up about giving

By Laura Vanderkam

Giving to charity sounds nice and safe — until it results in a \$500 million lawsuit.

Princeton University and a man named Bill Robertson both want to educate young people for public service. They differ over how. So they are fighting in court and in public over control of the \$500-million-plus Robertson Foundation, which endowed Princeton's Woodrow Wilson School of Public and International Affairs.

In 1961, Robertson's parents gave \$35 million to establish a graduate school to train future federal government workers in international relations. Now Robertson and his siblings are suing to take the appreciated endowment back. Princeton failed to honor their parents' intentions, they say: Few graduates pursue government jobs, and Princeton spent Robertson money on building projects.

But Princeton won't let the money go quietly. Plenty of graduates go into public service, the university says, and the money isn't the heirs' to take.

This bickering may seem removed from most Americans' lives, but the issues — donor intent and impact — will affect anyone who gives to charity this holiday season. While few donate \$500 million, the average family gives more than \$1,500 a year.

Regardless of dollar amount, one lesson is clear: Happy donors are generous, repeat donors. Unhappy donors try to take their money elsewhere. So smart non-profits honor "donor intent" and even find ways to let small donors feel that their gifts matter.

But until more non-profits discover this, donors need to wise up. As Bill Robertson says, his father was "very trusting." Likewise, people who wouldn't drop \$500 on a stereo will blindly write ten \$50 checks to whatever non-profits have the cutest kids on their brochures. Donors who want to change the world, however, should realize that "buyer beware" applies to non-profit organizations as well as electronic equipment.

We're a generous nation: Americans gave \$241 billion to charity in fiscal 2002. But many consider the process less than transparent. A 2001 survey found that only 49% of

adults say charity information is easy to find. No wonder Americans donate most generously to their own places of worship. Elsewhere, donors cite two main fears: Their gifts won't make an impact, or they won't be used for what they wish.

Concerns about impact helped drive down alumni giving to universities nearly 14% in 2002. In tough times, donors may not give to colleges with big endowments, says Sandra Miniutti of Charity Navigator, which rates non-profits. "There's somewhat less satisfaction giving to a university that has a huge endowment than giving to a small local food bank that can articulate exactly how that dollar will feed a hungry child."

If donors do give to wealthy institutions, they fear their intentions won't be honored. A recent survey by Charles Schwab & Co. found that 56% of affluent older Americans probably won't leave anything to non-profits and universities. One in five of them mentioned that concern.

It's a culture clash. Today's donors want more control, but non-profits want funds that can be spent as they wish.

That isn't necessarily sinister. Narrow gifts force non-profits to narrow their sights, says Princeton professor and philanthropy expert Stanley Katz: "In scientific research, for instance, if you have to guarantee a set accomplishment, you radically limit the kind of research you can fund." In the Rob-

ertson case, people can debate whether funneling bright students into visa-stamping consulate jobs is the best use of money.

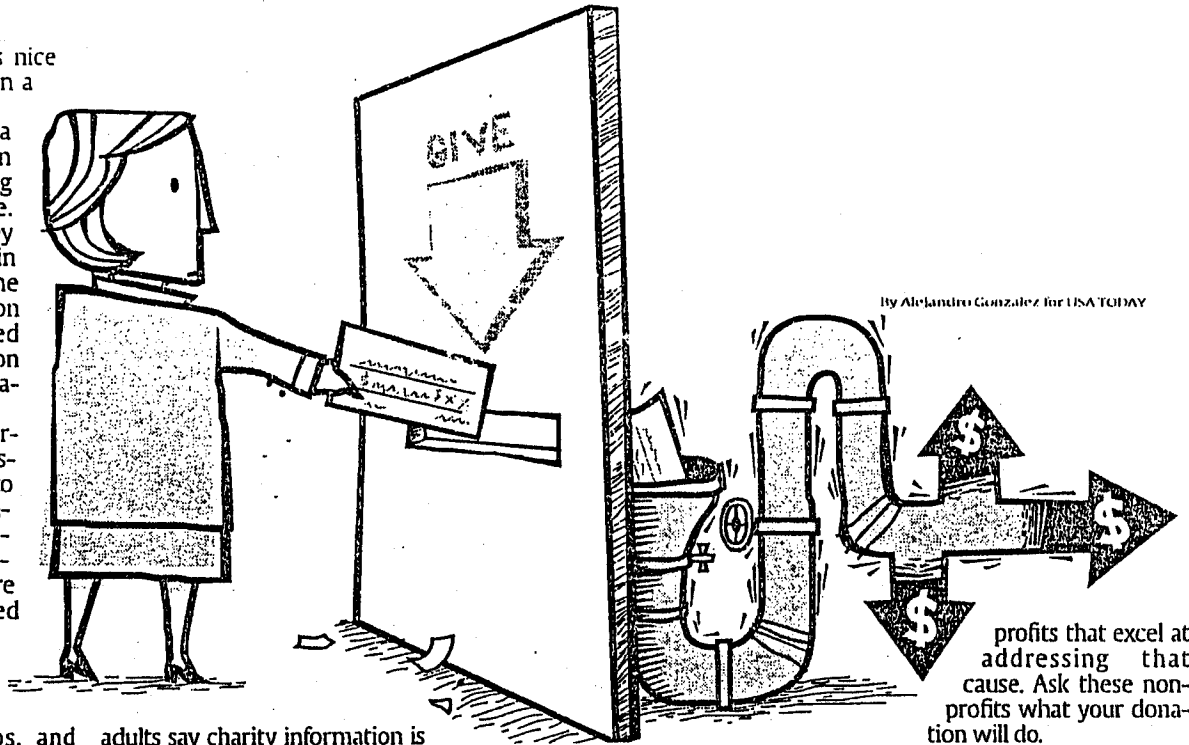
Many donors understand and give unrestricted funds to the groups that they trust. But some donors have specific goals and fear being double-talked by non-profits with an agenda.

When Jan and Bob Davidson sold their software company (best known for its Math Blaster and Reading Blaster titles) in 1996, they discovered that giving away money isn't all that easy. The universities they investigated used such high percentages of donations for overhead costs that the Davidsons worried they wouldn't make an impact.

So instead of making general gifts, they focused on a narrow area, gifted education, and started their own non-profit so they could control overhead and results. Before they donate to other non-profits, they research exactly what will happen to the money. "We've learned to really follow up," Jan Davidson says. "If they don't use the money the way we all agreed they would, we don't give again. If they do, then we keep giving."

Whether you give \$100 or \$1 million, the same advice applies:

► Choose what cause motivates you most, then visit watchdog Web sites such as Charity Navigator or GuideStar to search for non-



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profits that excel at addressing that cause. Ask these non-profits what your donation will do.

► Concentrate your giving. One big check does more than 10 small ones sent to charities that then harass you to become a bigger donor.

► Follow up, get involved and keep giving if you are satisfied. Fun charity is engaged charity. A local food bank that operates on a shoestring will put you and your \$500 to work fast.

Innovative large institutions, like that food bank, could let small donors see their gifts working. Instead of dreary annual appeals, universities could publish 300-item lists of what they need — twenty \$250 donations to stage a dance concert, for instance. Donors would be recognized at the concert, meet the dancers and see the impact.

Heifer Project International, following this model, lets small donors fight poverty by purchasing farm animals for needy families (\$120 buys a goat; \$500, a cow).

But institutions won't do this until donors treat charity as the serious financial decision it is. As the Robertsons found out, philanthropy is about controlling the money in addition to changing the world.

That's just human nature. But as long as both sides approach a donation with open eyes, human nature won't stand in the way of doing good.

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