

History of U.S. Philanthropy

The word "philanthropy" derives from the Ancient Greek phrase *philanthropia*, meaning "to love people." Today, the concept of philanthropy includes the act of voluntary giving by individuals or groups to promote the common good. It also refers to the formal practice of grantmaking by foundations to nonprofit organizations.

Cultural Origins in the U.S. Philanthropy in the United States has emerged from a number of cultural influences, such as:

- Strong religious beliefs and traditions
- Practices of collective hunting, food distribution and potlatches in Native American communities
- Cultures of mutual assistance and support among multiple waves of settler and immigrant communities

It wasn't until after the Civil War that the modern business of philanthropy began to form. Until then, charity was a mostly fragmented endeavor driven largely by religious groups and characterized by almsgiving and volunteerism aimed at assisting the immediate problems of the urban poor.

Industrialization and the Rise of Modern Philanthropy. At the end of the 19th century, charities started taking a more systematic approach to the work of improving social conditions, and adopted management methods that were gaining a following in the business world. Modern grantmaking was founded on the large-scale donations of a number of individuals and families who made their wealth during the late 19th and early 20th centuries in the steel, oil, railroad, telegraph, and automobile industries (such as Sage, Carnegie, Rockefeller, and Ford).

Democratization and Growth of the Field. American generosity and volunteerism was spurred again by World War I. During this time, Americans gave more than \$400 million in gifts and membership dues to the Red Cross in connection with the war, signaling the growth of grassroots fundraising and the democratization of giving. It was no longer only the wealthy elite who gave, but the average person.

The 20th century also saw the unfolding of the community foundation movement, a combination of the rising forces of scientific philanthropy, grantmaking foundations, and collective giving. As an alternative to the large, national foundations, community foundations allowed people of modest wealth to combine their money for local philanthropic programs, ultimately changing the profile of many mid-size and large cities. Giving was also spurred by the 1917 passing of legislation that allowed Americans to take tax deductions for their charitable gifts as a way to avoid the personal income tax laws passed four years earlier.

Emerging Trends in Philanthropy. As of 2006, there were over 72,000 grantmaking foundations in the U.S., with total assets of nearly \$615 billion and yearly giving of \$39 billion, reflecting roughly 3% of the national GDP for that year.



The field of philanthropy continues to see ongoing change in a variety of ways, from adaptation to the current economic recession and the growth of international giving, to developments in online fundraising vehicles and cause-related marketing efforts to promote the common good.

The History of Philanthropy in New York

The New York metropolitan area is home to many of the nation's leading philanthropies and currently boasts the largest concentration of philanthropic capital in the world. In 2006, more than 7,000 grantmaking foundations were based in the New York metropolitan area, and these funders provided an estimated \$5.6 billion of the \$39.0 billion awarded by all U.S. foundations that year. In addition, New York City is known as the birthplace of modern professional philanthropy due to the many innovations in the field that began here. Following is a list of some of the advancements that have happened in New York over the years.

Timeline

1770 – The St. George Society is founded to help impoverished colonists in New York City. Branches soon followed in Philadelphia and Charleston, and later in other American states and in Canada, Australia, New Zealand and elsewhere. The society exists today as the St. George's Society of New York and is considered the oldest charity in the United States.

1907 – The first private family foundation in the U.S., the Russell Sage Foundation, is founded to study and disseminate knowledge about social problems.

1911 & 1913 – Both the Carnegie Corporation of New York (started by Andrew Carnegie with a donation of \$125 million) and the Rockefeller Foundation (started by John D. Rockefeller with a donation of \$35 million) are founded, mainstreaming the modern private foundation.

1912 – John D. Rockefeller hires Frederick T. Gates to be his assistant, pioneering the role of modern foundation staff in handling Rockefeller's philanthropic activities.

1924 – The New York Community Trust is founded. As of 2008, it is the nation's third largest community foundation by asset size and fourth largest community foundation by total giving.

1960s – The Ford Foundation leads the way in redefining the relationship between private philanthropy and the state by shaping government policy. The Foundation's demonstration projects for community action in a half-dozen cities lead way to the Economic Opportunity Act of 1964, which launched federal programs based on the Ford model in 600 cities.

1979 – Philanthropy New York is established as a nonprofit organization by New York City foundations. Its purpose is to strengthen the capacity of grantmaking organizations to fulfill their missions to serve the public good.



1979 – The use of "intermediary" organizations begins. Intermediaries are entities which stand between one or more foundations and grantee organizations, and which re-grant foundation monies or provide technical assistance to the grantees. A key moment is the creation of Local Initiatives Support Corporation by the Ford Foundation.

1981 – American Express and The Statue of Liberty-Ellis Island Foundation initiate use of the term "cause-related marketing," coined to describe an alliance between a for-profit and nonprofit organization to both promote the company and raise money for the nonprofit.

2001 – Over \$1 billion is donated to charitable causes in the aftermath of the September 11th terrorist attacks in New York City, Washington D.C. and Somerset County, PA. A large portion of this is done by the United Way of New York City and the New York Community Trust, which together raise over \$425 million for the September 11th Fund. The fundraising effort around 9/11 is the largest act of collective charitable giving to one event or cause in the U.S. to date.

Key Facts on New York Philanthropy

Apart from Philanthropy New York, New York City is currently home to many leaders in the philanthropic field, such as the Foundation Center (<http://foundationcenter.org>), the Center on Philanthropy and Civil Society at CUNY (<http://www.philanthropy.org/>), and the Hayman Center for Philanthropy and Fundraising at NYU (<http://www.scps.nyu.edu/areas-of-study/philanthropy-fundraising/>).

Concentration of philanthropic activity in NYC. Although New York City holds less than three percent of the U.S. population, it is home to a much larger concentration of philanthropic activity. For example:

In 2006:

- **11%** of the nation's grantmaking foundations were found in the New York metropolitan area
- **14%** of the nation's foundations' assets were held by foundations in the New York metropolitan area
- **15%** of total giving by foundations nationwide was done by foundations in the New York metropolitan area

As of 2008:

- **20%** of the 100 largest U.S. grantmaking foundations, based on the **market value** of their assets, were found in New York City
- **14%** of the 100 largest U.S. grantmaking foundations, based on **total giving**, were found in NYC
- **16%** of the 50 largest U.S. corporate foundations, based on the market value of their assets, were found in New York City



- **12%** of the 50 largest U.S. corporate foundations, based on annual total giving, were found in New York City

Top grantmakers located in New York City. As of 2007, the top 10 foundations *located in the New York metropolitan area*, by total dollars awarded, were:

1. The Ford Foundation
2. The Andrew W. Mellon Foundation
3. The Starr Foundation
4. The New York Community Trust
5. The Rockefeller Foundation
6. City Foundation
7. Doris Duke Charitable Foundation
8. Open Society Institute
9. Carnegie Corporation of New York
10. The JPMorgan Chase Foundation

Top grantmakers to the New York metropolitan area. As of 2007, the top 10 foundations awarding grants *to organizations in the New York metropolitan area*, by total dollars awarded, were:

1. The Ford Foundation
2. The Bill & Melinda Gates Foundation
3. The Starr Foundation
4. The New York Community Trust
5. The Andrew W. Mellon Foundation
6. The Annenberg Foundation
7. The JPMorgan Chase Foundation
8. The Robert Wood Johnson Foundation
9. The Robert W. Wilson Charitable Trust
10. The John D. and Catherine T. MacArthur Foundation

Top 10 Recipients of Foundation Grants in New York City. As of 2007, the top ten organizations in New York City receiving money from foundations, by amount received were:

1. Columbia University
2. Lincoln Center for the Performing Arts
3. New York University
4. Institute of International Education
5. Wildlife Conservation Society
6. Weill Medical College of Cornell University
7. New York-Presbyterian Hospital
8. Environmental Defense Fund
9. Living Cities: The National Community Development Initiative
10. Nonprofit Finance Fund



Philanthropy New York

Philanthropy New York is the principal professional community of philanthropic foundations based in the New York City region. Taken together, our 285 member organizations – including the leading private, corporate, family, and public grantmaking foundations in the world – each year provide support totaling more than four billion dollars to thousands of nonprofit organizations and NGOs located in New York, the U.S., and around the world, which in turn focus on an almost endless range of issues and concerns.

For more information about Philanthropy New York, visit www.philanthropynewyork.org.

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