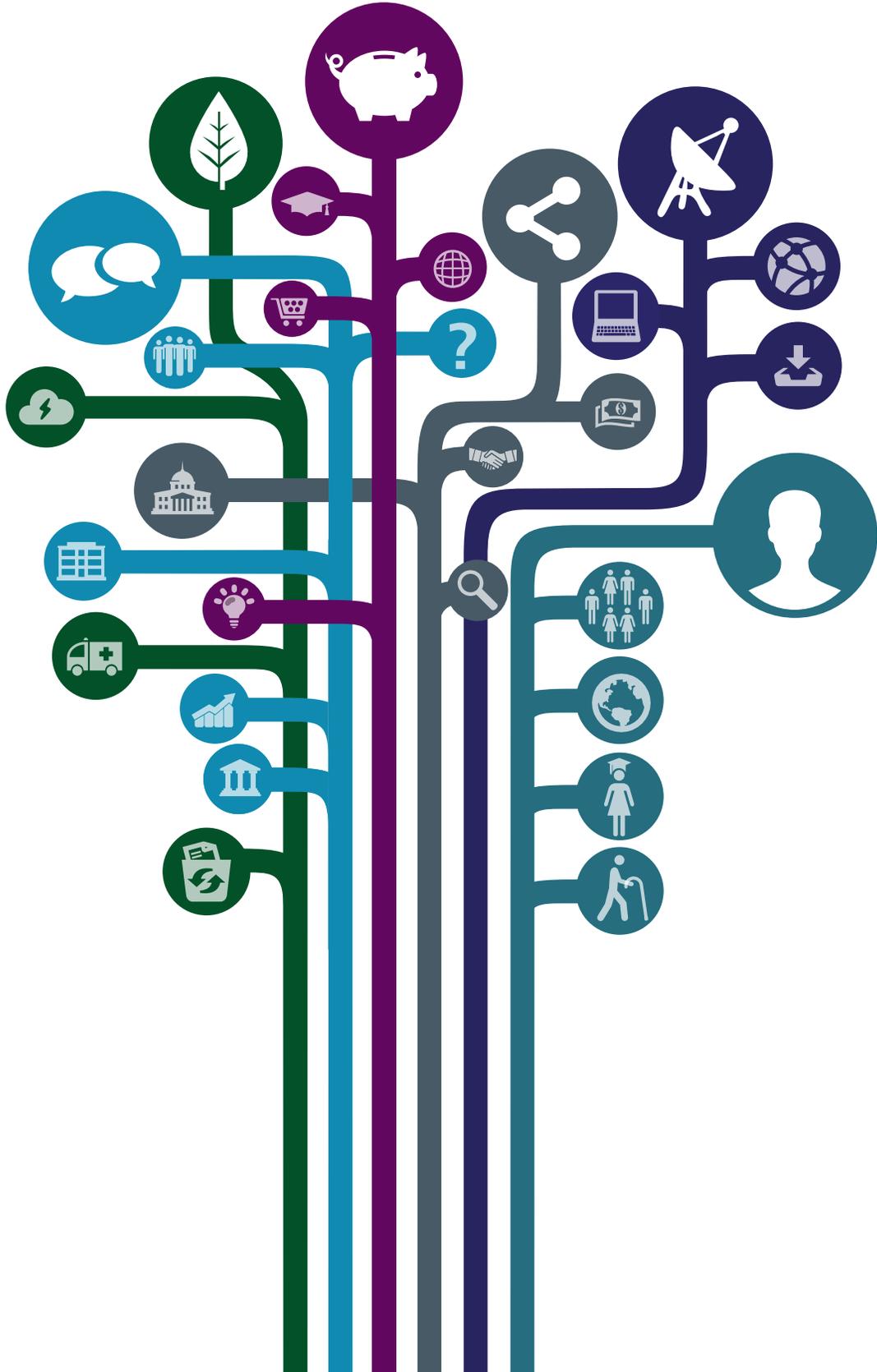


# WHAT'S NEXT *for* COMMUNITY PHILANTHROPY



## SHIFT HAPPENS: Understanding how the world is changing

JUNE 2014



# How to use this document

This primer is intended to help community philanthropy organizations understand how large-scale global forces are fundamentally altering their local communities. This piece of the *What's Next for Community Philanthropy* toolkit highlights a set of critical trends — organized into six interrelated categories — that are likely to change the evolving community and philanthropic landscape in the coming years, and it also illustrates how other community philanthropy organizations are beginning to respond to these developments.

Reading the descriptions of 23 complex global trends can be a daunting task for anyone, so the document is deliberately designed to be taken apart and used in small pieces. Each trend — along with examples of how others are already starting to respond to it — is described and illustrated in detail as a one-page fact sheet that can be easily distributed to board and staff members. And then each set of three to five related fact sheets are compiled into a broader section with details about other associated trends worth watching and a handful of additional ideas about how community philanthropy organizations can begin to take action.

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### Six categories of trends



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# Overview

## The challenge of seeing the future

Community philanthropy organizations have always shifted and adapted in response to changing community needs. Yet it's often difficult for place-based groups to step back from their daily work on the ground to see the larger trends and forces that produce the local conditions and challenges that they are responding to. They often find themselves on their back foot, responding after the fact to crises and challenges that emerge, seemingly out of nowhere. This limited field of vision often leaves community philanthropy organizations at a disadvantage. After all, it's hard to prepare for the future without a clear understanding of what might be coming.

But it turns out that many of tomorrow's most pressing problems have their roots in larger patterns that are already visible in the world today. And by looking closely at developing trends, local organizations can begin to better anticipate and prepare for many of the challenges and opportunities that will emerge in their communities.

This document aims to help community philanthropy organizations get on their front foot in thinking about the future. It is intended to serve three key purposes: (1) to help community philanthropy organizations get a better view of the broader global trends and shifts now under way around them, (2) to explore how these shifts might manifest at the local level, and (3) to identify some of the ways other organizations are already beginning to address these trends in other parts of the country and around the world.

## The forces now changing the context for community philanthropy

There is little question that the world is changing at an extremely rapid pace. **Emerging technologies**, from cell phones and tablets to blogs and tweets, are now connecting us to one other in remarkable ways. We can now access libraries full of information in just a few clicks and can instantly link up with people and causes, whether they're across the street or across the world.

Even as these technologies are bringing us together, however, we still face deeply **divided communities** across many different dimensions. Economic inequality has grown, political tensions have become more pronounced, trust and social capital between community residents are falling, and racial and ethnic tensions continue to flare. And divides like these threaten the unity and well-being of many places.

Communities are changing in other ways as well. Once-in-a-lifetime demographic shifts are reflected in the **changing faces in our communities** in ways that we've yet to fully comprehend. By 2043, the Caucasian population will make up less than half of the country, while growing numbers of Latino, African-American, and Asian-American residents will help to create a "new majority." Immigration has brought new residents to our communities at such a rate that the percentage of foreign-born residents is now at its highest level since the 1920s, when waves of largely European immigrants first came to the United States. And two bulges in the U.S. population are entering new phases in their lives that will challenge and stress existing structures, as baby boomers retire and millennials enter an uncertain workforce.

And the millennials aren't the only ones trying to navigate the current economic environment and understand what **the future economy** might hold. Globalization has brought new competition as well as new opportunity to American communities. And the shift to a knowledge-based economy has placed greater emphasis on education, innovation, and entrepreneurship. Meanwhile, for many communities, a renewed sense of localism and sustainability has also begun to gain traction. This reemergence will be important not only in dealing with economic challenges, but also in facing growing **environmental uncertainty**, as climate change and natural disasters challenge us to rethink our relationship with nature in the industrial era.

As these forces transform local communities, it is also important to understand **how philanthropy is changing** too. Donors have an unprecedented level of choice when it comes to their giving, across a range of issues, geographies, and products. And philanthropy's traditional relationships with the private and public sectors are changing as well. Trends toward socially responsible business, investing, and purchasing are blurring the lines between the private and social sectors, while the relationship between the public and social spheres is changing as governments retrench and question their traditional role in providing social benefits.

For community leaders, it is crucial to recognize that many of these trends are inevitable and represent global and national forces far beyond any one community's control. But there is a great deal that community philanthropy organizations can gain by exploring how the trends will manifest in their local areas, and by understanding how others are beginning to respond to the emerging challenges and opportunities.

## What this document is (and is not)

Of course, no one knows what the future will hold, but in creating this document, we aim to share a set of trends that we believe will be critical for community philanthropy organizations to watch for in the coming years. As part of our research, we spoke with dozens of renown futurists who are trying to connect the dots and predict where the world might go, we researched dozens of reports on future trends published by leading think tanks and other institutions, and we asked community philanthropy organizations themselves about the most critical developments that they were seeing in their communities. And while no document can capture every trend that will matter, we designed this primer to focus specifically on the patterns and trends that seem most important for community philanthropy organizations to consider for the future.

This piece also features approximately 50 different examples of programs and activities that seem to be working inside and outside community philanthropy — what Chip and Dan Heath, the authors of *Switch: How to Change Things When Change Is Hard*, refer to as “bright spots.” We surfaced these bright spots over the course of the yearlong *What’s Next for Community Philanthropy* initiative through interviews with nearly 200 different community philanthropy organizations and our exploration of more than 50 different analogous spaces related to community change. We hope that they can spark new thinking and offer up new ideas about how you might respond to the larger forces that are reshaping your communities.

The trends and examples highlighted in this document could never be fully comprehensive or relevant for every organization, so it’s important to understand some of the piece’s limitations as well.

- **Not everything that is relevant to you will be in this document, and not everything in this document will be relevant to you.** Many different trends will affect the future, and this primer can’t capture them all. It is, however, intended to serve as a starting point for a conversation to take place within your organization and your community. If you think of other trends that are affecting your area, we encourage you to call them out and to discuss with other stakeholders what you are seeing, who else is addressing the situation, and how you might respond. At the same time, you may find a number of trends in this document that don’t affect your community, or even some that you disagree with. That’s okay too. Not all trends impact all places equally. What is important is to be aware of the range of forces that might affect your community, so you can recognize them more readily if they emerge in your area, and to focus on understanding and responding to the trends and developments that will be most relevant and critical for your community.
- **This document focuses on trends, not issues.** Most community philanthropy organizations tend to think with an “issue” lens — looking at health, education, the arts, or other important community needs. But the issues that communities are facing are far too varied and diverse to address in a single document. So we have taken a trends perspective for this piece, and it’s important to understand that the future trends discussed here will actually cut across multiple issues at the same time. New digital technologies, for instance, could alter the education and learning environment while they also disrupt current systems for maintaining medical records. Income inequality not only has obvious economic consequences but also affects transportation, housing, education, and health systems. We encourage you to explore the trends on the following pages by thinking carefully about how they might influence each of the different issues your organization may address.
- **The data here should be seen as evidence, not proof.** As innovation scholar Clayton Christensen has famously explained, “there is no data on the future.” So we have used a range of different sources — some established peer-reviewed journals and others much more speculative — to try to give a sense of what the future might hold. You should use this primer as a starting point to learn more about the trends that may affect your community. If you find trends that interest you, we encourage you to dive deeper on your own, to look at how that trend manifests in your local community, to ask residents or donors what they think, and to work to learn more about the topic. We advise against taking bold actions solely on the information contained in a one-page fact sheet.
- **We don’t claim that the examples cited here are the “brightest” or “most innovative” experiments now occurring in the field.** Doing so would be an impossibly difficult and subjective task. As much as possible, we have tried to represent the work of a wide range of organizations, so don’t be surprised if an instance cited in the piece isn’t the one you would typically associate with a bright spot.
- **This document is not a set of recommendations about activities that you should adopt.** The piece provides a wide range of ideas you could think about for your community, but each idea should be considered in the context of the unique circumstances, mission, capabilities, and resources of your organization. We hope that at least some of the ideas will make sense for you or will spark new thinking. But it’s important to recognize that many of the ideas mentioned may not be a great fit for you and your organization.

This document is part of the *What’s Next for Community Philanthropy* toolkit, which was published by Monitor Institute in June 2014 with support from the Council on Foundations, the Charles Stewart Mott Foundation, the W.K. Kellogg Foundation, and Community Foundations of Canada, along with more than 15 North American community foundations.

The *What’s Next* toolkit aims to help community philanthropy organizations apply innovation and design methodologies to think creatively about their business models and the broader future of the field. The research for this toolkit involved nearly 200 interviews with leaders of community foundations and other community philanthropy organizations, as well as more than a dozen interactive workshops and user feedback sessions.

Visit [monitorinstitute.com/communityphilanthropy](http://monitorinstitute.com/communityphilanthropy) to learn more about the *What’s Next* toolkit and research methods.

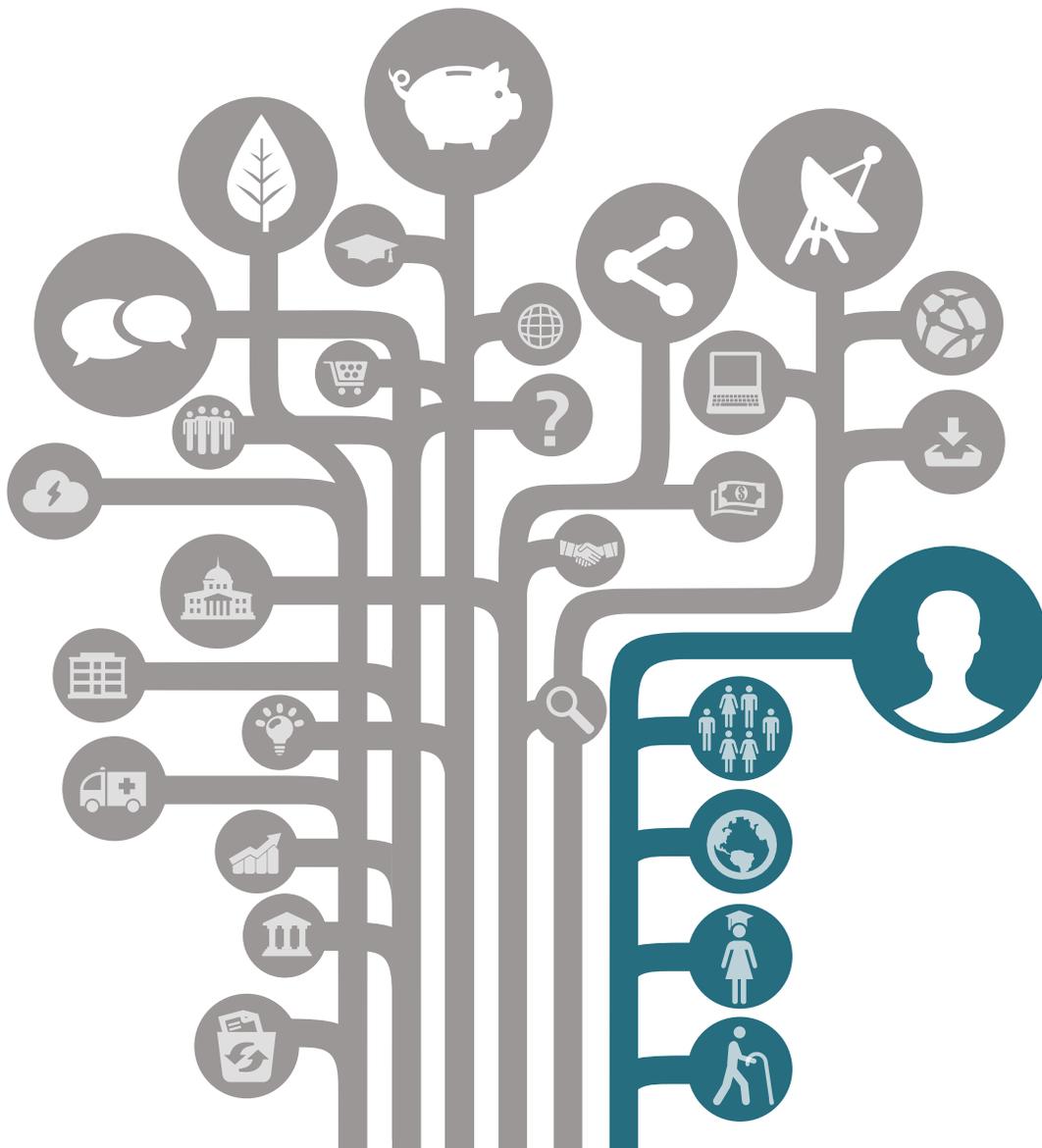
# CHANGING FACES IN OUR COMMUNITIES

The demographics of American communities are changing. The population is aging, and in many communities, ethnic diversity is rapidly increasing. People of color are expected to become the majority in the United States by 2043, when the white population will likely dip below 50 percent.

Amid these changes, the traditional face of philanthropy — white, male, and older (oftentimes even dead) — will almost inevitably give way, with a far more diverse group poised to take up the mantle of community change. As women increasingly become heads of households, and immigrants and people of color change the face of our schools, our workforce, and our electorate, community philanthropy organizations have an opportunity to reimagine how to engage and work with these groups.

At the same time, two large bulges in the population — millennials and baby boomers — are reaching their next phase of life: boomers are reaching retirement, and the millennials are moving into the workforce. Both transitions present important opportunities for community foundations to capture new wealth and new volunteers, and may require changes in how funders think about, serve, and approach these groups.

As you read this section, consider how the makeup of your own community is different from 10 or 20 years ago and how those changes may continue to grow. How well are you positioned to work with these new groups — as donors, as community partners, and as the recipients of services that your organization funds? How can you become more inclusive and responsive moving forward?



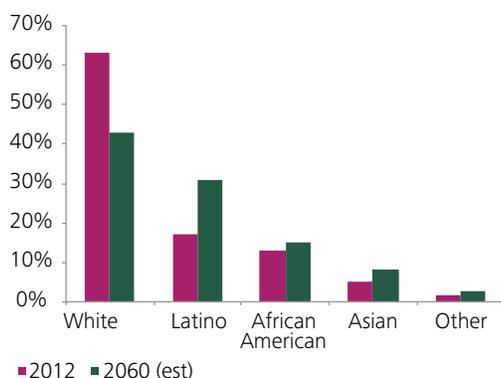
# NEW MAJORITY



By 2043, whites will no longer be the majority in the United States. The Latino population is likely to skyrocket, Asian and African American populations will continue to grow, while the white population is expected to peak in 2024 and slowly decline afterward.<sup>1,2</sup> This unprecedented demographic change will vary widely by region. People of color already represent the “new majority” in California, Texas, Hawaii, and New Mexico, while in other areas, especially in the Midwest, they will take far longer to reach that threshold.

How these demographic changes will affect our communities remains unclear. Currently, many emerging groups still face significant challenges and structural barriers, such as high poverty rates and low educational attainment. But over time, if they have not already, these groups will carry enormous political power that may shift national systems and ideologies. As producers and consumers, their preferences will help shape the future economy. As community leaders, they will form new coalitions and shift local priorities. And as philanthropists, they will likely challenge and adapt current practices to fit their specific needs.

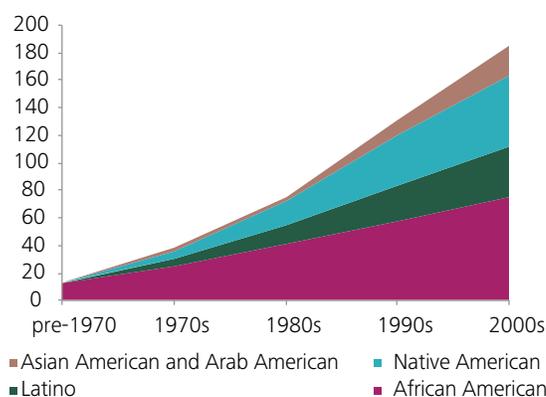
Percentage of Total U.S. Population by Race/Ethnicity<sup>3</sup>



Over the next 50 years, whites as a percentage of total population will fall sharply, largely replaced by Latinos.

Source: U.S. Census Bureau

Total Number of Racial/Ethnic Identity-Based Funds<sup>4</sup>



Philanthropic vehicles focused on ethnicity have ballooned in the past 40 years — now raising hundreds of millions of dollars each year. If current philanthropic organizations don't fit with these growing populations, they will likely find ones that do, or create new vehicles for giving.

Source: W.K. Kellogg Foundation



## How Others Are Responding

Promising approaches from the field

**Support and connect new donor groups: The Community Investment Network** is a national network of African-American giving circles that provide technical assistance to its member circles, as well as to small and medium-sized nonprofits led by people of color, through conferences and connective technology. Recently, the Network and a group of community foundations have been organizing quarterly calls about best practices for engaging donors of color.

*Takeaway for your organization: Consider how your organization could best connect with donors of color in your community. Beyond giving circles, how can you include more people of color throughout your organization's work?*

**Actively promote inclusion and racial equality in the social sector: The Denver Foundation's** Inclusiveness Project supports Denver nonprofit organizations and funders to advance racial equity and inclusion in the community. The Project conducts research, hosts events, and gives nonprofits the tools to create a welcoming environment to amplify the inclusion of highly qualified people of color as board members, staff, and volunteers. The Project also increases the pipeline of people of color joining nonprofits through various programs, including grants to leadership programs for people of color and a 10-week summer internship for emerging leaders of color.

*Takeaway for your organization: Ask how your organization could support leadership development for people of color interested in the social sector.*

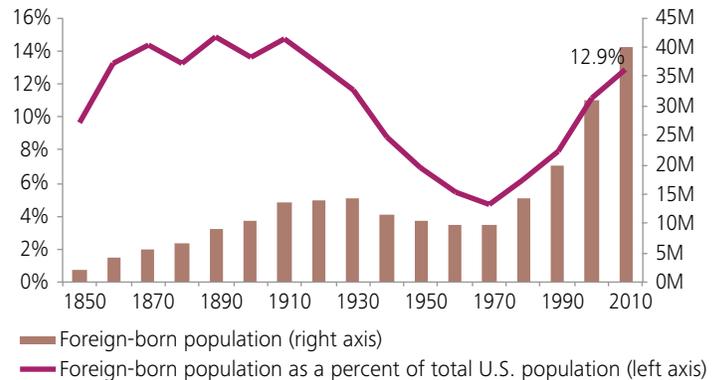
# IMMIGRATION



Immigration is changing the makeup of many communities, creating both new challenges and new opportunities. After steady waves of immigration in the 1990s and 2000s, the U.S. foreign-born population has increased dramatically and is now at a level comparable to that of the early 1900s. And just as the early 1900s' immigrants made a clear mark on this country, so too will this new cohort, although their cultures and places of origin will look different from the last century's wave of newcomers.

Immigration is changing in other ways as well. Through technological and logistical advances, immigrants are often more connected to their home regions than in the past, both physically and virtually. They regularly communicate with loved ones in their home countries, return to visit, and, increasingly, give back financially. But for many new immigrants, key challenges remain, particularly around legal, cultural, and economic hurdles. Foundations often face a dual mission: proactively helping new immigrants (documented or not) better settle in their communities and engaging more established immigrant populations to give back to those both in their old homes and their new ones.

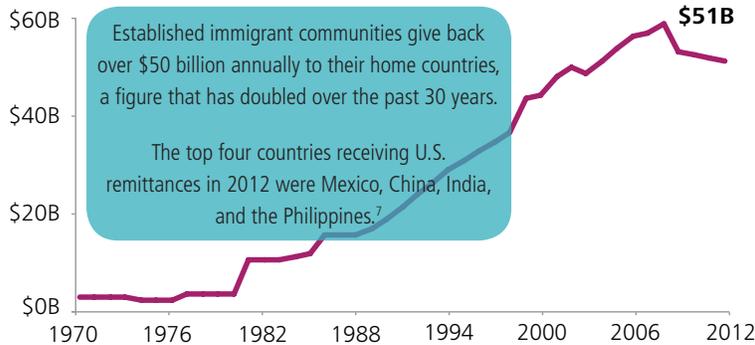
**Foreign-Born Population in the United States<sup>5</sup>**  
(1850-2010)



Not since 1920 has the percentage of foreign born Americans been so high. As of 2010, there were 40.0M living in the U.S.

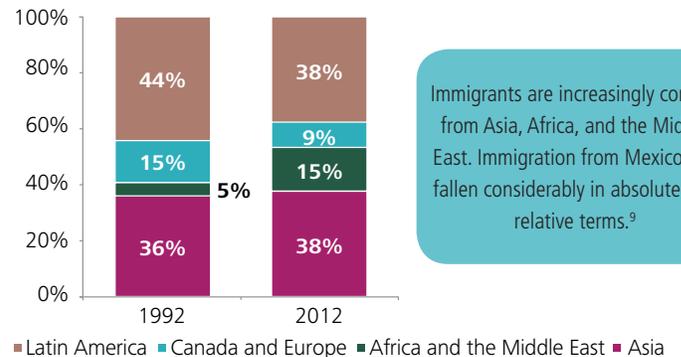
Source: U.S. Census Bureau

**Real Remittance Outflows Per Year in 2012 Dollars<sup>6</sup>**  
(1970-2012)



Source: World Bank, Bureau of Economic Analysis, Monitor Institute analysis

**Percentage of Immigrants by Origin<sup>8</sup>**



Source: Pew Research Center



## How Others Are Responding

Promising approaches from the field

**Policy advocacy as part of immigration work:** The **New York Community Trust** started the **Fund for New Citizens** to offer a broad set of approaches that benefit new immigrants. Grants support legal assistance for hundreds of immigrants each year who file for legal status, including citizenship and permanent residency, policy advocacy around immigrant rights, capacity building for immigrant-led nonprofits, and even a class action lawsuit that successfully challenged the severe backlog in processing citizenship applications.

*Takeaway for your organization: Recent immigrants are often among the most vulnerable in a community. In addition to support through nonprofits, how can your organization create a more welcoming environment for new immigrants?*

**Focus on immigrant employment:** The **Vancouver Foundation** recognized that new immigrants were less likely to be employed and that when they were employed it was often for low wages. To shed light on these issues and creatively imagine new solutions, the Foundation created the **Immigrant Employment Council of British Columbia** in 2008. Working with the public and private sector, the group implemented a number of new measures to improve the immigrant employment situation, such as an immigrant workforce development initiative; an online tool to assist employers in assessing international credentials, including work experience and English language proficiency; and a mentorship initiative to help businesses better engage their recent-immigrant workers.

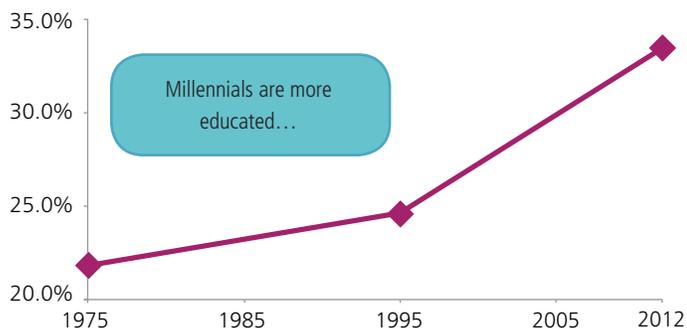
*Takeaway for your organization: Employment is often a significant barrier for recent immigrants, and one that often requires both the public and private sector to address. Think about how you can use your convening ability, or any other tools at your disposal, to jointly explore solutions with others.*



Millennials — Americans born after 1980 — are the largest generation in U.S. history and will soon make up a significant and influential force in society. Their views on everything from politics to business to philanthropy are already forcing organizations to adapt, and as they replace baby boomers as the largest segment of the American workforce, this pace will only accelerate.

Millennials currently face a number of challenges in the early part of their career. Despite graduating from college in record numbers, many are likely to be underemployed in today's economic environment, slowly paying off large student loans and still relying on their parents. Despite these challenges, there is evidence to suggest that millennials are more civic minded than previous generations and are looking to have an impact on social and environmental causes they care about. And as children of the baby boomer generation, they stand to inherit large amounts of wealth over time that can help make these passions a reality.

## Percentage of 25-to 29-Year-Olds with a Bachelor's Degree or Higher<sup>13</sup>



Source: National Center for Education Statistics

## Millennials will challenge some orthodoxies in philanthropy



84% prefer to give online, and only 11% prefer to give over the phone<sup>10</sup>

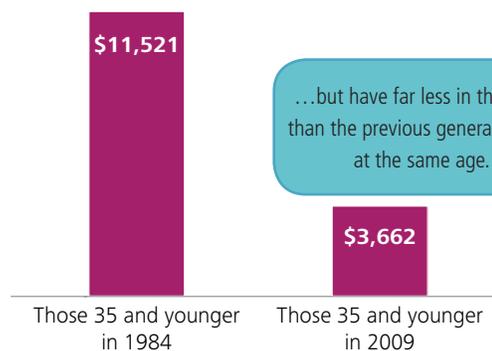


Millennials tend to support causes, not necessarily organizations. Their top three motivations for getting involved are passion for a cause, meeting new people, and gaining professional expertise.<sup>11</sup>



Millennials are looking beyond nonprofits to create impact. When asked what the primary purpose of business is, 36% of Millennials replied to "improve society," edging out the 35% who said "generate profit."<sup>12</sup>

## Median Net Worth of Those 35 and Younger in 2010 Dollars<sup>14</sup>



Source: Pew Research Center



## How Others Are Responding

### Promising approaches from the field

**Value a diverse youth voice:** After a shooting at a downtown all-ages club in Tacoma, Washington, a number of residents openly speculated whether "those kids" should have even been there in the first place. Recognizing the divide between urban youth and others in the community, as well as the need for diverse youth representation, **The Greater Tacoma Community Foundation** created the **Youth Philanthropy Board** to give underrepresented youth in the community a chance to direct \$75,000 of grantmaking annually and to shape the Foundation's broader youth engagement strategy. The group has chosen projects that resonated with their peers and has provided Foundation staff insights into Tacoma's youth culture that they may otherwise have missed. From this youth engagement came notable projects, which include bringing Archbishop Desmond Tutu to Tacoma and sponsoring alternative urban art events, like **krumping**.

*Takeaway for your organization: Consider how your organization can better understand a diversity of young people's views on directing grant funding, as well as what it would be if it allowed them to do so.*

**Emphasize issues and networking:** Young professional giving circles are another popular option for millennial donors, but they often need to highlight elements that are different from more traditional giving circles. For instance, the **Community Foundation for Northern Virginia's Future Fund** is issue based and heavily emphasizes the networking element, two aspects that tend to resonate with millennials. Donors pay affordable dues (\$200 per year for donors in their 20s, \$300 per year for donors in their 30s, and \$400 per year for donors in their 40s), annually choose an issue area they want to focus on (e.g., poverty reduction), and then democratically distribute funds. On the networking side, the group, now more than 130 strong, also holds monthly events and hosts an awards gala, which in 2013 helped to recruit 28 new members and raise additional funds for grantmaking.

*Takeaway for your organization: There are many differences your organization needs to consider when engaging millennials, but be sure to think about how to make your efforts more aligned around priority issues, networking opportunities, and professional development.*

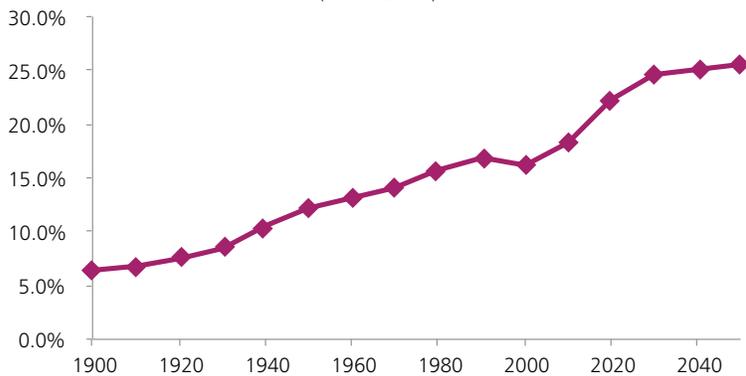
# BABY BOOMERS



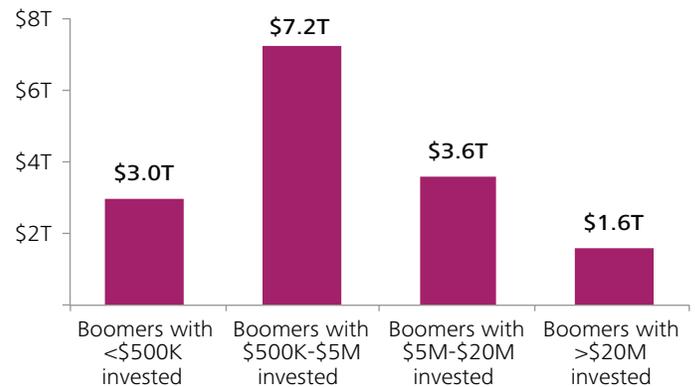
Before the millennials, there were the baby boomers. America's first mega-generation began turning 65 in 2010 and will continue to do so at the rate of 10,000 a day until 2030.<sup>15</sup> And after they retire, they will remain active community members for quite some time, with baby boomers expected to have an average lifespan of more than 80 years.<sup>16</sup> Engaging with this group represents a huge opportunity for businesses, governments, and philanthropy organizations alike.

Boomers hold much of the economic power in this country: it is estimated that this cohort will control as much of 70 percent of American disposable income by 2017,<sup>17</sup> and through their estates, they are expected to transfer trillions to their families and favorite causes over the coming decades. However, as boomers live longer than previous generations, they will also likely stress social programs, such as Medicare and social security, as well as their own savings accounts. They are the first generation to rely primarily on 401(k)s and other self-directed retirement vehicles (rather than pension plans), and many are still recovering from the economic downturn.

Percentage of Total U.S. Population Age 60+<sup>18</sup>  
(1900-2050)



Total Amount of Retail Investments by Baby Boomers<sup>19</sup>



More than 25% of the U.S. population will be older than 60 by 2050. Social programs designed in the 1940s and 1950s, when senior citizens made up only 10%–12% of the population, may struggle to keep up with demand.

Source: U.S. Administration on Aging, U.S. Census Bureau

The upcoming intergenerational transfer of wealth from baby boomers to their heirs is expected to be \$30 trillion. One study, looking only at the \$15.4 trillion that baby boomers invest in retail investment products, found that boomers with investments of \$500K–\$5M controlled the largest amount of wealth.

Source: Accenture, Cerulli Associates



## How Others Are Responding

Promising approaches from the field

**Actively recruit retiree volunteers:** With the support of national funders and local partners, **The Oregon Community Foundation** helped to launch a pilot program called **Boomers and Babies** to promote baby boomer volunteerism in early-childhood settings. In addition to engaging new volunteers, early-childhood educators saw improvements in their classrooms, including increased school-readiness for the children, lower children-to-adult ratios, and more time spent on reading activities. The Foundation has documented detailed learnings and lessons from the program on the website [ready4volunteers.org](http://ready4volunteers.org).

*Takeaway for your organization:* Your organization may be able to leverage the considerable time, energy, and expertise of newly retired baby boomers in a structured way.

**Plan now for the coming transfer of wealth:** The **Nebraska Community Foundation** has **researched and mapped** the statewide intergenerational transfer of wealth over the next 50 years and is developing localized plans to direct some of that wealth toward charitable purposes. The research estimates the amount of wealth that will be transferred in each county and region, predicts the peak years for that transfer, and paints the picture of how dedicating 5 percent of that transfer to endowed community funds could benefit the state. To help spread this message, the Foundation has organized local affiliated funds that share these findings and help raise endowments for specific regions of the state.

*Takeaway for your organization:* Think of where your organization can get, or how it can create, good data about the demographics in your community to better understand exactly where and when opportunities for wealth transfer will arise.

# OTHER TRENDS TO WATCH



## Rise of Women

Today, women earn the majority of associate, bachelor's, master's, and doctoral degrees.<sup>20</sup> And in 40 percent of households with children under the age of 18, women are the primary provider.<sup>21</sup> Yet women still face systemic challenges, earn less than men, and are underrepresented in corporate and political leadership positions. As women's economic power grows, look for successful institutions to adapt and for traditional power structures to realign.



## Urbanization

Today, 80.7 percent of Americans live in urban areas, compared to only 56.5 percent in 1940, a trend that is expected to continue.<sup>22</sup> As population centers shift to cities, urban leaders often struggle to ensure equitable housing, transportation, and other services, while many rural areas experience depopulation and struggle to maintain a sustainable community.



## Religion

While a record 20 percent<sup>23</sup> of Americans were unaffiliated with a religion in 2012, the importance of religion for certain populations remains very high. 61 percent of both Hispanic Catholics and Black Protestants indicated that "belonging to a community of people who share your values and beliefs" is very important, the highest of any group, compared to only 28 percent for those unaffiliated with a religion.<sup>24</sup> When low-income African-American parents were asked which groups were the most "influential, trustworthy, and effective" at helping their children do well at school, "churches and church groups" ranked number one, beating both parents and teachers.<sup>25</sup> For foundations and nonprofits looking to connect with these groups, working with religious leaders and organizations may hold tremendous value.



## Moving

From 1950 to 1965, about 20 percent of the population moved each year. That percentage has slowly declined over time, and today only 11.7 percent of the nation moves each year, and among those that do, an increasing number stay within their original state and county. However, one group that is bucking this trend is the highly educated. Those with a graduate degree are more than twice as likely to move across state lines compared to those with only a high school diploma.<sup>26</sup> As part of a well-formed donor relations strategy, community philanthropy organizations might make special effort to welcome these new members, or to stay in touch with those that leave.

## SOURCES

- 1 U.S. Census Bureau, <https://www.census.gov/newsroom/releases/archives/population/cb12-243.html>
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- 8 Pew Research Center, <http://www.pewforum.org/2013/05/17/the-religious-affiliation-of-us-immigrants/#geography>
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# IDEAS FOR TAKING ACTION



## A sampling of approaches to consider

### Lower intensity

- Research how demographics are changing in your geographic area. What are the largest population groups? The fastest growing? Which are shrinking? Whose voices are not being heard? Beyond the research, think about how you might consult with others in your community to explore these questions together.
- Assess which institutions in your community are already serving (or are positioned to serve) specific population groups really well. Where are the elderly turning to for support? The emerging professionals? Immigrants? Try to map these organizations in your community.
- Bring in leaders from various demographic groups to help increase your staff and board's sensitivity to, and understanding of, the needs and priorities of these groups.

### Medium intensity

- Bring together different stakeholders in your community to discuss challenges and opportunities related to the shifting demographics in your community. Make a deliberate effort to ensure that you include underrepresented groups in the conversation.
- Track the distribution of your organization's grantmaking. How much of your grantmaking is going to those serving traditionally excluded groups in your community? Have a discussion with your staff or board to consider ways of addressing this issue if the distribution of your grants doesn't look the way you feel it should.

### High intensity

- Launch giving circles or identity-specific field-of-interest funds as a way to engage different groups in your community. Work to adopt lessons learned from these endeavors into your traditional grantmaking. How else can you help attract nontraditional donors and help them learn and give more effectively?
- Take action to ensure the demographics of your organization reflect those of your community. Does your staff and board reflect the makeup of your community? If not, what steps could you take to change that?

### Imagine: What if your organization...

- ...had someone — or several people — under the age of 30 on your board, or if the board was composed of a majority of people of color?
- ...put traditionally excluded groups (low-income residents, young people, undocumented immigrants, etc.) in charge of making grant decisions for a designated fund?
- ...helped to sway public opinion to see immigration as an important economic, cultural, and social force in your community?

What ideas come to mind for your organization?

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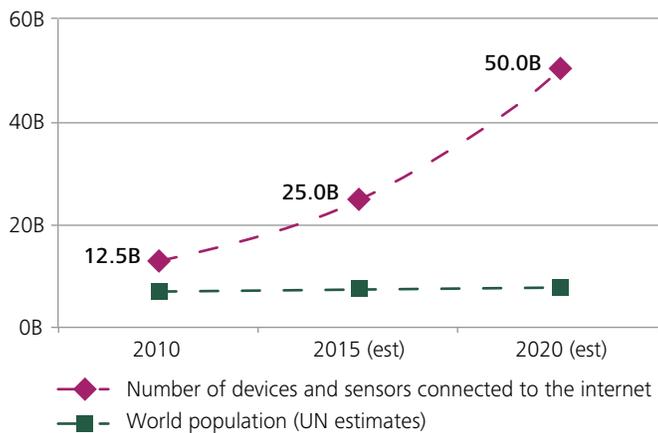
# GROWING CONNECTEDNESS



Whether they involve using blogs to organize flash mobs to protest government policies, online giving platforms to help donors support development projects around the world, or cell phones to send texts to influence legislators, there is no question that new connective technologies are transforming the way social change happens.

The ubiquity of broadband internet connections, the growth of mobile technologies, and the emergence of social software tools like Facebook, LinkedIn, and Foursquare (all of which are 10 years old or younger) have combined to transform the way people find, connect, and communicate. It's now easy to interact with others — individually or in groups both large and small — in real time, regardless of geographic distance. This growing connectivity has significant implications for community philanthropy organizations: it's now possible to build networks, raise awareness, mobilize action, and connect people and organizations in richer, deeper, and more personal ways than ever before.

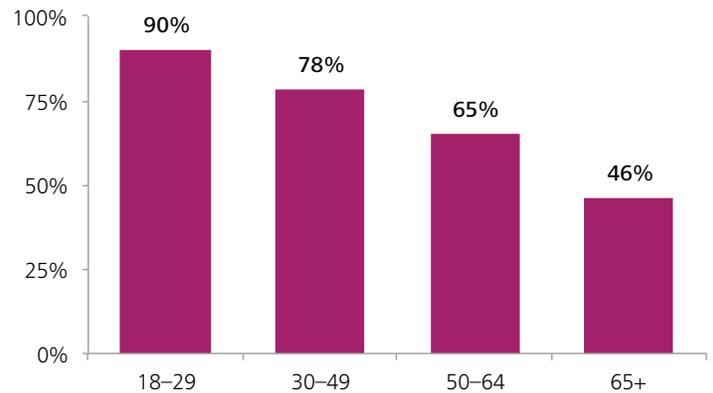
### Internet-Connected Devices<sup>4</sup>



Source: CISCO, United Nations

The number of internet-connected devices will grow at an exponential pace and is expected to reach 50 billion by 2020.

### Percentage of U.S. Adults Who Use Social Media Sites<sup>5</sup> (by age group as of September 2013)



Source: Pew Research Center

Overall, 73% of U.S. adults use one or more social media sites, compared to 8% in 2005. While the demographics skew younger, the fastest-growing population for these sites is 65+.



## How Others Are Responding

Promising approaches from the field

**Connect the entire community with an inclusive message:** The Columbus Foundation uses digital and social media to connect residents to the city of Columbus, Ohio. In 1964, Jerrie Mock took off from the Columbus airport and became the first woman to fly solo around the world in a plane called "The Spirit of Columbus." To celebrate the 50th anniversary of the flight, the Foundation created a **campaign** to celebrate the spirit of city of Columbus, through a video, music, and a strong social media presence. The Foundation's Facebook page has accumulated more than 4,800 Likes — among the most of any community foundation. In addition, the Foundation created the Spirit of Columbus award to celebrate residents that exhibit exemplary community service.

*Takeaway for your organization: Think of ways that you can extend beyond philanthropy to create an inclusive "brand" for your entire community in a way that allows your organization to connect more broadly to residents.*

**"There's an app for that":** The San Diego Foundation became the first community foundation in the United States to create mobile **apps** for the Android and iPhone platforms. In addition to sharing information about the Foundation, the apps are also meant to connect users to the broader community. For instance, the app features a section for sharing local news that is updated with relevant information about the community and the social sector as well as a section called "Share Your Good," which allows users to take and upload pictures of residents getting involved in charitable work in the community. As more community members use smart phones, tablets, and other mobile devices, the Foundation is investing to connect to this growing demographic.

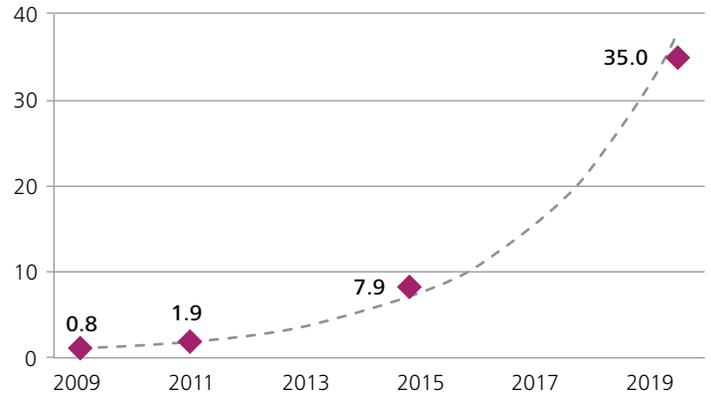
*Takeaway for your organization: Explore how your organization can better connect with mobile device users.*



With the rapid growth of mobile devices and online access, the amount of data being produced continues to grow at an exponential pace. In fact, 90 percent of the data in the world today has actually been created in the last two years alone.<sup>6</sup> The information is flooding in from almost everywhere: online user-generated content (such as blogs, tweets, photos, and videos), consumer purchases, and cell phone GPS signals, to name just a few sources. However, our understanding about who “owns” this data is still evolving.

The onslaught of all of this big data can have an enormous impact on how we live and work, especially for those with the tools and capabilities to take advantage of the new opportunities. Big data and analytics can help organizations increase transparency, enable faster experimentation, allow for the segmentation of populations and markets, fuel algorithms that can replace or support human decision-making, and spur entirely new operating models.<sup>7</sup>

**Global Data Generated Annually<sup>8</sup>**  
(Zettabytes — estimated)



Source: NASSCOM

Between 2009 and 2019, global data generation is expected to increase by a factor of 40.



**\$600 to buy a disk** that can store all the world’s music<sup>9</sup>



**4.75 billion content items** (status updates, wall posts, photos, videos, and comments) are shared by users on Facebook every day<sup>10</sup>



**90%** of the digital data in the world today was created in the last two years<sup>11</sup>



## How Others Are Responding

Promising approaches from the field

**Provide data-driven recommendations:** Using a patented algorithm, University of California researchers at the **Berkeley Center for New Media** created a program that recommends nonprofits to donors based on their preferences. While the project, called **Donation Dashboard**, is still a prototype and only houses information for a limited number of nonprofits, it serves as a proof of concept, designed to “learn” as more people use it, which enables it to make more robust recommendations over time. Similar to this tool for donors, Volunteer Match announced that it, too, would use an algorithm-based **recommendations engine** to better match volunteers to opportunities. In the same way that Netflix virtually recommends movies and TV shows to its customers, some are working on bringing this technology to donors and volunteers.

*Takeaway for your organization: Consider how you can use data to better predict what donors and residents may be interested in.*

**Use data to improve internal operations:** The **Coastal Community Foundation** in South Carolina performs a detailed calendar analysis to measure how staff time translates into opportunities for the Foundation. Calendar entries are open for all at the Foundation to see, and, through those entries, staff are evaluated on how well they met their goals in making a certain number of community connections, helping with nonprofit capacity building, or fundraising, just to name a few activities. The Foundation then analyzes the data and evaluates which types of meetings were most impactful for a given goal, allowing for future iteration on how staff can most effectively spend their time. For instance, the data showed that capacity-building efforts that focused on nonprofit boards not only helped the nonprofits but also helped the Foundation form new relationships with nonprofit trustees.

*Takeaway for your organization: Think about how you can use data internally to improve operations, in addition to helping nonprofits use data to better serve their constituents.*

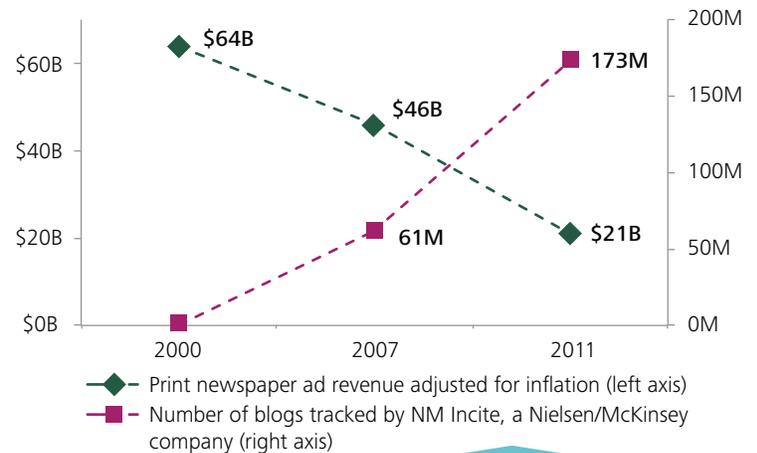
# INFORMATION ACCESS AND SHARING



The spread of technology and near-universal internet access through cell phones and broadband connections has created entirely new expectations for how we access and share information. Technology now allows us to find and broadcast information both simultaneously (in real time) and asynchronously (for information posted online that can be found and retrieved indefinitely). In fact, there is now so much information at our fingertips that “filters” are becoming increasingly necessary to curate the information and help people access only what is most important to them.

This new data accessibility creates an environment where stakeholders can find what they need, make smarter decisions, and even create entirely new knowledge by mashing up and building on the information they find. Access to information is also shifting public norms about transparency and privacy, as people now readily share personal information about their interests and behaviors while expecting to be able to see and access information from other people and organizations as a matter of course.

Decline of Print Media and Rise of New Media<sup>12</sup>



Source: Mark J. Perry, NM Incite

Print newspapers have been decimated while new media, like blogs, have soared.

What happens every 60 seconds...<sup>13</sup>



168 million emails sent



694,445 Google searches



98,000 Tweets



## How Others Are Responding

Promising approaches from the field

**Access information on charities:** **Charity Navigator** has grown to become one of the largest sources of information on nonprofits in the United States. Beyond just serving as a repository of information, the organization rates nonprofits based on a number of factors, with the “best” earning the coveted four-star ranking. The organization is also alerting donors of nonprofits that they might consider avoiding. The organization now has a **donor advisory list** with more than 130 organizations that are suspected of questionable or improper dealings, and Charity Navigator actively recommends alternatives. By taking a stand and expressing clear opinions about which charities are more effective than others, Charity Navigator has resonated with donors.

*Takeaway for your organization: In a world of ubiquitous information, quality curation and accreditation are becoming more valuable. Consider whether your organization would ever create a public “recommended list” of charities and what the costs and benefits of taking (or not taking) such an action might be.*

**Work with others to gather and share community information:** In an effort with United Way of Greater New Haven, the City of New Haven, and other regional and national funders, the **Community Foundation for Greater New Haven**, supported an effort by DataHaven, which collected data on more than 10,000 indicators of well-being across eight issue areas and surveyed more than 1,300 residents to learn of their experiences. The Foundation uses these findings to inform its own program strategies and also created an accessible **eight-page summary** to share with residents and donors who want to learn more about Greater New Haven’s community needs.

*Takeaway for your organization: Think of which organizations in your community might want better data on pressing social needs, and develop an approach to gather and share that data effectively.*

# OTHER TRENDS TO WATCH



## Internet of Things

The flow of information driving big data is likely to become a torrent in the coming years as millions of networked sensors get embedded in everyday things such as mobile phones, cars, televisions, and household appliances. CISCO estimates that there will be 50 billion internet-connected devices by 2020 — more than six times the world's population.<sup>14</sup> Some uses of this new technology will no doubt be frivolous, but other uses may have important roles in helping vulnerable populations. GPS data already keeps worried parents informed of their children's locations, and soon prescription pill caps will be able to tell doctors if patients are taking their medication. The spread of these sensors is creating an "Internet of Things," and the simple act of living our lives among these networked devices will generate enormous amounts of data about our behavior that can be captured, analyzed, and used. For community philanthropy organizations, the connection between their work and this trend hasn't been fully developed, but it could have huge implications. Funders could work closely with their grantees to deliver sensors that could improve their work, particularly in the health and health care space. And the spread of connected devices also holds tremendous potential for next-generation measurement systems, as funders could collect real-time data about the projects that they have supported.



## Access to local news

Communities are getting their information in very different ways than in the past. Newspaper readership, and subsequently ad revenue, has fallen incredibly quickly, while print media options have been replaced with a number of new choices. The growth and potential of some of this new media is impressive, and community residents now have unprecedented choice of where they receive their information. One issue, though, is that much of this information may be overtly biased. As internet-based news has risen, some residents can choose to live in a "filter bubble," reading only those news reports that agree with their preexisting beliefs. Community philanthropy organizations of all sorts — in many cases supported by programs like the Knight Community Information Challenge — are beginning to explore innovative ways that can help them ensure that local residents have access to high-quality information about their communities.



## Using the cloud

Digital data used to be stored on a physical piece of hardware (a hard drive or disk of some sort). But as people begin to share content with others and across multiple devices, information is increasingly being stored "in the cloud" — hosted or run on remote computer servers and accessed through the Internet. Estimates suggest that consumers worldwide could store more than a third of all digital content in the cloud by 2016.<sup>15</sup> With the cloud, people can now seamlessly share photos, music, information, and other content anywhere, anytime. And these cloud-based services are changing the way information can be gathered, accessed, shared, and delivered — making it possible to aggregate information from multiple locations and to make it available to anyone who is interested. For community organizations, cloud-based platforms can help to reduce costs and increase flexibility for information technology needs.

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# IDEAS FOR TAKING ACTION



## A sampling of approaches to consider

### Lower intensity

- Ask a millennial. Find a young volunteer looking to build his or her social media résumé to review your organization's online presence. Listen to what they say.
- Start (or revamp) your organization's social media presence. Use social media platforms to share information about your activities, to weigh in with information about local issues or priorities, or to ask members of your community what they think.
- Use your online presence to link people to important sources of information, such as government services.

### Medium intensity

- Compile existing information about issues in your local community, whether it comes from census, university, or other sources. What is missing? Are all of your residents represented? Share what you gather with the rest of the community.
- Fund a "circuit rider" — an expert who can travel from grantee to grantee, helping each with its technology issues — or provide capacity-building grants to help local nonprofits improve their technology skills and tools. To the extent that you can, involve local technology experts as volunteers.

### High intensity

- Launch a community indicator project that collects and shares data about your community's well-being. Consider how you might work with other organizations, such as local United Ways, local colleges, regional associations, or others, to share the cost and become the go-to source for data about the local community.
- Become the tech epicenter for social causes in your community, bringing in expertise to help nonprofits and others understand what is possible with new technologies and actively piloting new technology, such as networked sensors.

### Imagine: What if your organization...

- ...pioneered beneficiary-driven philanthropy by using technology to allow beneficiaries of nonprofit services to choose which nonprofits received more funding?
- ...used "big data" techniques to segment swaths of donors in your community, scraped publicly available sources of information to understand their interests, and experimented with customized marketing materials?

What ideas come to mind for your organization?

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# DIVIDED COMMUNITIES

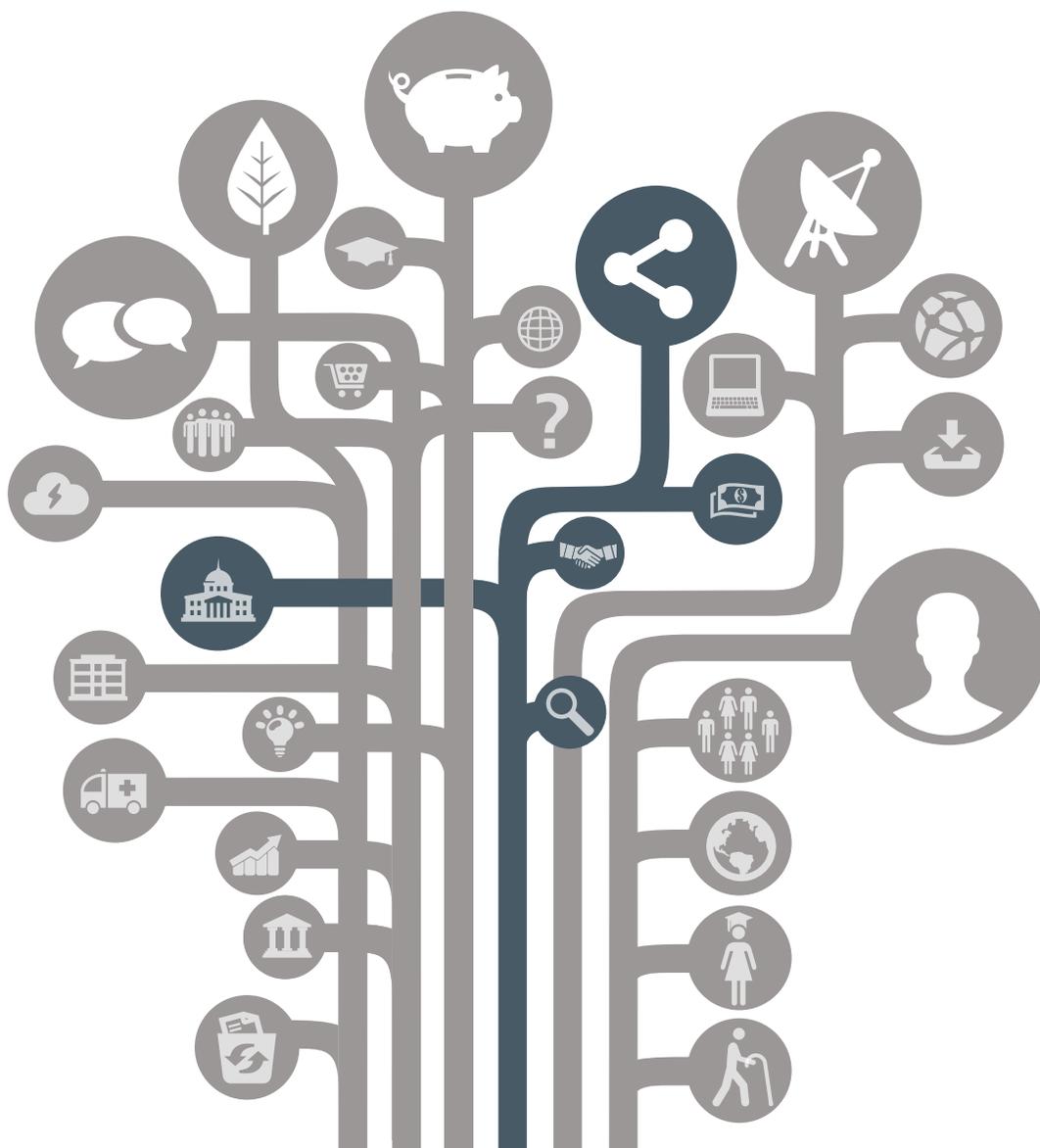
At the same time that new technologies are helping connect people in ways never before possible, local communities are confronting deep fragmentation across a wide range of different dimensions.

Economic disparities have ballooned in recent years, and the gap between rich and poor residents is now wider than at any point since the Great Depression. Vitriolic divides between political ideologies threaten to impede the effectiveness of many of our governance systems and bodies. And racial and ethnic disparities remain daunting challenges in many communities, as does the growing sense of social isolation experienced by many local residents.

While these rifts can feel like distinctly different issues, many communities are realizing that deep, systemic, and intertwined factors contribute to this fragmentation. Addressing them is messy and complex, and it requires organizations to reach across networks, sectors, and silos to find diverse solutions.

Community philanthropy organizations are often well-positioned to bridge these gaps. They are able to bring diverse groups together — touching both rich and poor, reaching across political divides, and serving as a launching point to connect different types of people — to promote collaboration and create meaningful social change.

As you read the following pages, think about how each divisive trend is manifesting in your own community. What specific challenges do they present for you? What opportunities and openings do they create? And what role can your organization play in trying to respond to, remedy, or mitigate the divisions?



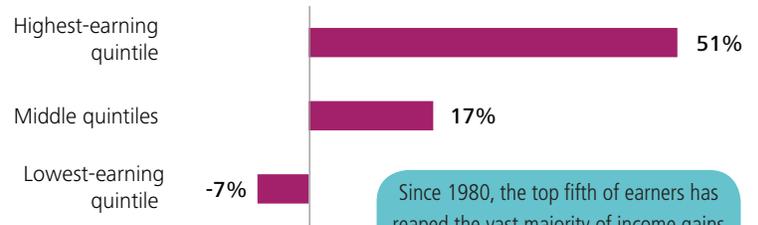
# ECONOMIC INEQUALITY



Since 1980, financial gains have accrued disproportionately to the top 20 percent of earners, while wages for the bottom 20 percent have actually declined in real terms, so much so that the wealthy now take home a larger share of the nation's income than at any point since the Great Depression. And social mobility — the likelihood that those on the lowest rungs of the economic ladder can climb up — is lower than in many other developed nations. In effect, the American Dream of each generation being better off than the previous has stalled for many at the middle- and lower-income levels.

The causes are complex, and difficult to disentangle. Some factors are a result of a changing economy that has been challenging for middle- and low-income workers, while others are more social and political in nature. However, whatever the causes, the fact remains that income and opportunity distributions are lopsided toward the wealthy, and business, political, and social sector leaders are increasingly considering how they can best intervene.

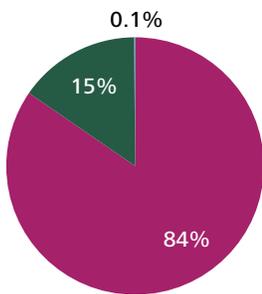
**Income Gains by Earning Bracket<sup>1</sup>**  
(1980–2010 — adjusted for inflation)



Since 1980, the top fifth of earners has reaped the vast majority of income gains with the bottom fifth actually losing ground when adjusted for inflation.

Source: Economic Policy Institute, Monitor Institute analysis

**Percentage of U.S. Wealth Owned by Wealth Bracket<sup>2</sup>**

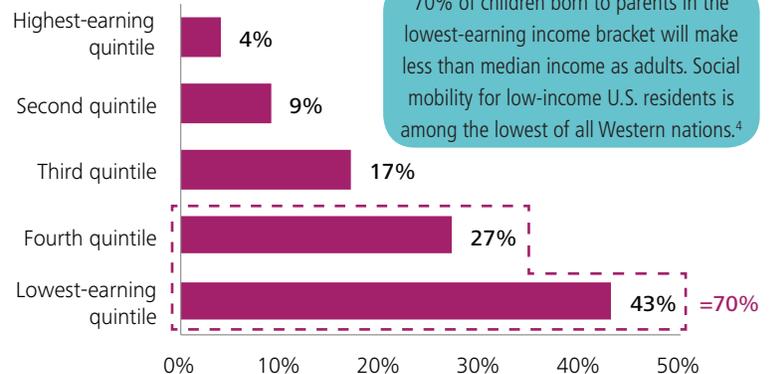


84% of U.S. wealth is now concentrated in the hands of the richest 20% of the population while the 0.1% held by the poorest quintile is too small to appear on this graph.

- Wealthiest quintile
- Middle quintiles
- Poorest quintile

Source: Michael Norton and Dan Ariely

**Adult Income Distribution of U.S. Children Born into the Lowest-Earning Quintile<sup>3</sup>**



70% of children born to parents in the lowest-earning income bracket will make less than median income as adults. Social mobility for low-income U.S. residents is among the lowest of all Western nations.<sup>4</sup>

Source: Pew Charitable Trusts



## How Others Are Responding

Promising approaches from the field

**Create employer-driven workforce development:** The **Greater New Orleans Foundation** coordinated with local employers, nonprofits, and a community college to develop **New Orleans Works (NOW)**, an employer-driven workforce development program. Through this program, local medical centers identify needed skills and guarantee work for trained workers; the local community college develops a curriculum that addresses those skills; and local organizations help identify program candidates.

*Takeaway for your organization:* Consider how you may be able to help local businesses play a role in training local workers, incenting local workers to build their skills, and coordinating the efforts of schools and nonprofits.

**Micro-lending to low-income entrepreneurs:** The **California Community Foundation** is partnering with Grameen America to offer small business loans to the lowest-income entrepreneurs in Los Angeles. The partnership will allow low-income residents to access training, mentorship, and financial capital needed to grow their micro-enterprises, such as cleaning services or food carts. In helping to seed the Los Angeles branch of Grameen America, the Foundation made a five-year commitment of a total of \$2 million to establish and grow the branch.

*Takeaway for your organization:* Explore how to use your financial resources — through your endowment, grants, loans, and other instruments — to create job growth and economic development for low-income residents in your area. If you don't have the expertise, consider potential partners.

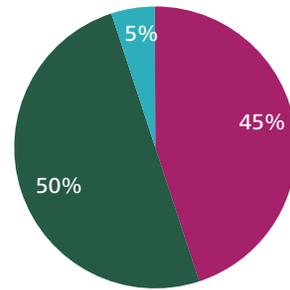
# SOCIAL CAPITAL



According to Oxford Dictionaries, social capital is defined as “the networks of relationships among people who live and work in a particular society, enabling that society to function effectively.” Within communities, these social ties help people feel more connected to each other and the place where they live.

Researchers are learning more about the importance of social capital, which is correlated with a host of positive benefits ranging from better health outcomes<sup>5</sup> to more effective disaster response and recovery (because residents are better able to work together).<sup>6</sup> In many ways, social capital underpins societal outcomes, either by helping people feel more connected and engaged or by creating dangerous feedback loops that drive separation. While social capital can be difficult to quantify, surveys on trust and loneliness serve as reasonable proxies — and this data indicates that social capital has declined over the past several decades.

**National Levels of Trust<sup>7</sup>**  
(as of 2006)

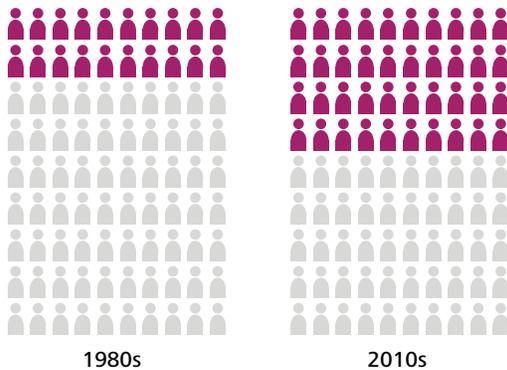


Less than half of Americans (45%) think that most others can be trusted. These figures are even lower for people of color — only 20% for African Americans and 12% for Latinos.

- Most people are trustworthy
- You can't be too careful
- Depends

Source: Pew Research Center

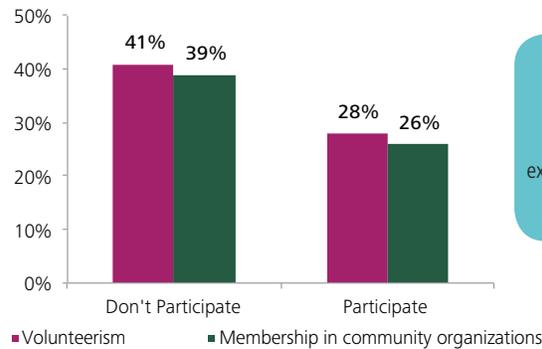
**Percentage of Americans Who Are Lonely<sup>8</sup>**



Using results from the UCLA Loneliness Survey, researchers estimate that 40% of people today are lonely, compared to 20% 30 years ago.

Source: John T. Cacioppo, University of Chicago

**Percentage of Adults Over 45 Who Are Lonely<sup>9</sup>**  
(by community participation)



Adults over the age of 45 that engaged with the community experienced lower levels of loneliness.

Source: AARP



## How Others Are Responding

Promising approaches from the field

**Build a network of local residents:** Making Connections was a 10-year initiative of the **Annie E. Casey Foundation** that aimed at helping vulnerable children and their families. The initiative adopted a number of programs that strengthened social ties among residents, including “family circles,” where families could discuss common struggles and approaches; a small grants program to support community dialogues or small-scale neighborhood projects; and community-mapping efforts to assess community assets, needs, and networks.

*Takeaway for your organization:* Consider how your organization could facilitate the creation of networks between vulnerable residents. You can start by reading through [lessons learned](#) from Making Connections.

**Understand social capital in your community:** Many of the **Princeton Area Community Foundation's** efforts have focused on understanding and building social capital in the region. In 2007, the Foundation and the local chamber of commerce [surveyed](#) hundreds of residents to compare social capital in the region to the nation as a whole, which allowed the Foundation to direct its grantmaking in more targeted ways. The Foundation then put together a short [brochure](#) that explains the concept of social capital and provides dozens of steps that residents can take to grow social capital in the region. Additionally, the Foundation reserves a portion of its grantmaking budget to fund projects that intentionally strengthen social networks in the region and uses it to actively address community issues.

*Takeaway for your organization:* Ask where social ties between residents are strong in your community, where they are weak, and how you can effectively map and grow these social networks.

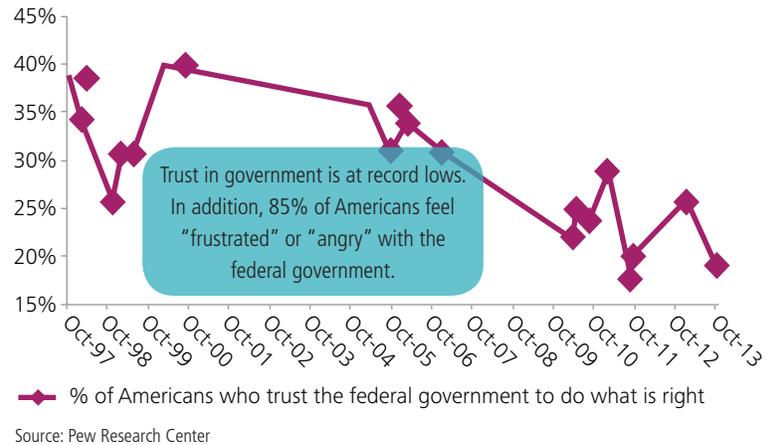
# POLITICAL POLARIZATION



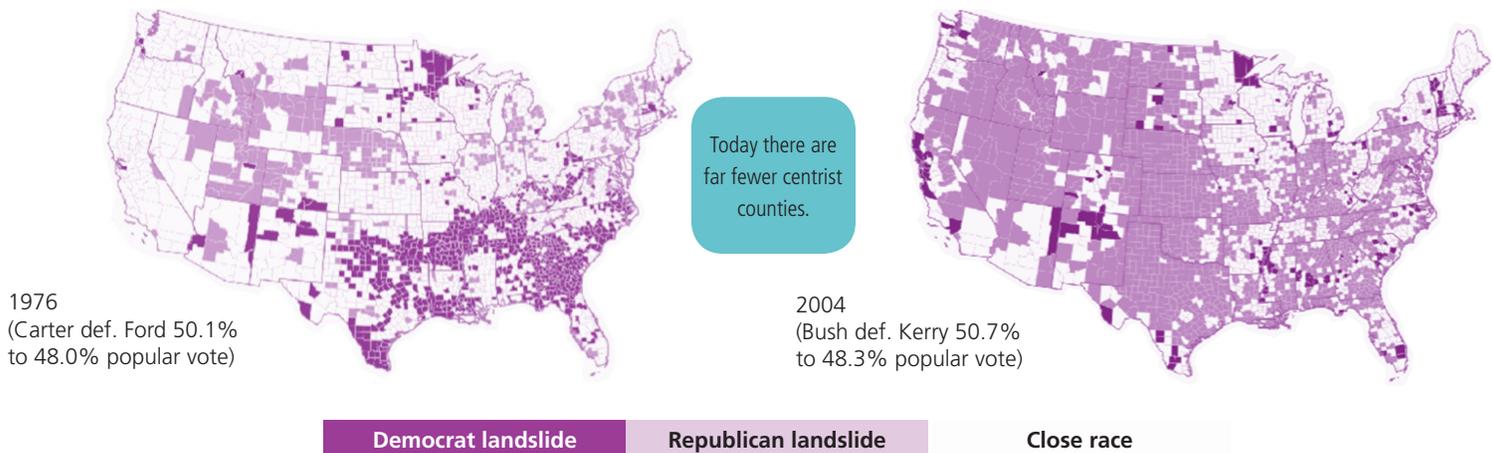
While ideological differences are an essential part of our democratic heritage, a number of factors seem different in the current political landscape that go beyond the traditional partisan brinksmanship of the past.

At the national level, trust in the federal government has reached record lows, with an alarmingly large percentage of Americans using the words “angry” or “frustrated” to describe their sentiments. At the local level, more and more counties are leaning heavily to the left or right, leaving less room for debate or compromise. What’s more, few organizations and institutions have been able to rebuild these divisions in meaningful ways, although some foundations are now looking to play a larger role.

Trust in Federal Government<sup>10</sup>



U.S. Presidential Elections by County<sup>11</sup>



Source: Bill Bishop, The Big Sort

## How Others Are Responding

Promising approaches from the field

**Foster conversations on neutral ground:** The Calgary Foundation hosts events called **Vital Conversations** about topics in the community. These guided conversations tie to original research that the Foundation compiles as part of a cross-Canada research effort, Vital Signs, that measures a number of community indicators. Equipped with this data, the Foundation is able to bring together diverse views to discuss topics ranging from sustainability to education.  
*Takeaway for your organization: Consider how your organization can hold discussions about important topics in the community. Data can help keep the conversations neutral, especially if it comes from respected experts in the community.*

**Engage apolitical experts:** The Community Foundation for Boulder County in Colorado used local experts to speak to donors about sensitive issues facing the community. Their choice for the experts: local judges. These apolitical judges gave firsthand accounts of what they saw in their courtrooms, what seemed to work, and what didn't. Both Foundation staff and donors were moved by the presentation and reflected on justice and legislative systems in new ways. The Foundation has built on this work and now hosts a number of so-called "Donor Salons" to educate and inspire donors on issues such as education, poverty, and global giving.  
*Takeaway for your organization: Think of any respected, apolitical experts in your community who can help residents take a first step in learning about important issues and bridging divides.*

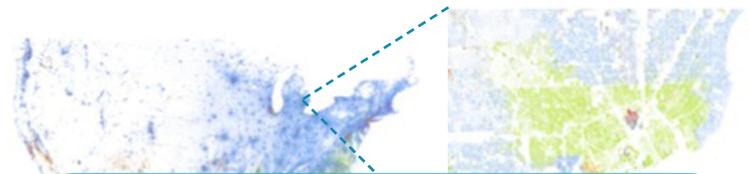
# RACE AND ETHNICITY



Although the election of an African-American president was a watershed moment for race relations in the United States, racial and ethnic divisions remain stark in many important ways. Communities are still largely divided among ethnic lines, reflecting systemic divides dating back to the beginnings of the nation. And this separation is more than geographic. Large opportunity and outcome gaps remain between people of different ethnic backgrounds. People of color, particularly in African-American and Latino communities, face higher poverty rates, lower rates of educational achievement, and lower degrees of wealth attainment.

Community philanthropy organizations are responding by working to include historically marginalized groups in a number of ways, often starting within their own organizations. Elsewhere, community organizations are bringing an increased awareness about racial and ethnic issues to their everyday work, with some launching more comprehensive initiatives focused on the subject.

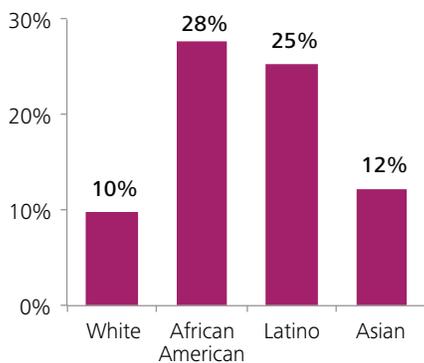
**Where People of Different Races/Ethnicities Live<sup>12</sup>**  
(as of 2010)



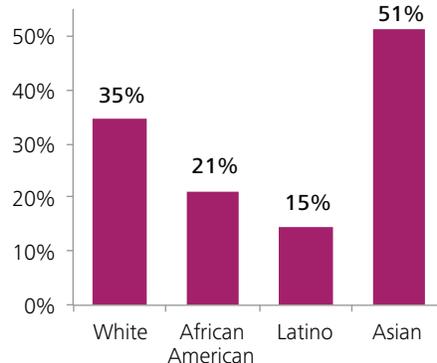
Researchers at the University of Virginia used census data to map cities by race and ethnicity. This map is of the country and a zoomed-in view of Detroit, which remains one of the most segregated U.S. cities. Each dot represent a person, with blue = White, green = African Americans, orange = Latinos, red = Asians.

Source: Dustin A. Cable, University of Virginia; U.S. Census Bureau

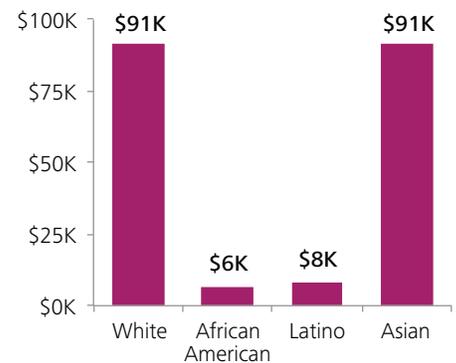
**Poverty Rates<sup>13</sup>**  
(2011)



**% of Adults with Bachelor's Degree or Higher<sup>14</sup>**  
(2012)



**Median Household Wealth<sup>15</sup>**  
(2011)



Source: U.S. Census Bureau, Pew Research Center

Beyond segregation, other social outcomes vary tremendously by race.



## How Others Are Responding

Promising approaches from the field

**Talk about race in your own organization:** **The Foundation for the MidSouth** went through a deep process to evaluate how the Foundation was addressing racial, social, and economic equity in its region. The process focused on blind spots that the board and staff had about their work on equity issues. In addition to shifting their own thinking, the Foundation committed to documenting its findings and challenges to better support other philanthropic organizations that are looking to address issues of race and ethnicity in their own communities. *Takeaway for your organization:* Ask how your organization could be more intentional about racial equity. Find an opportunity to start a conversation with your board and staff about assumptions and blind spots. You can start with some of those **surfaced** by the Foundation for the MidSouth.

**Raise awareness through art and interaction:** **Rochester Area Community Foundation** partnered with the Rochester Museum & Science Center, the Rochester Initiative for Structural Equality, and others to create "Facing Race, Embracing Equity." This effort was focused, at first, on promoting "RACE: Are We So Different?," a traveling exhibit whose stop in Rochester was supported by the Foundation's largest-ever grant. The exhibition tells the story of race from biological, cultural, and historical points of view. Using the artwork as a visible launching point, the Foundation coordinated with the local newspaper to highlight investigative reports on structural inequalities around race. The Foundation also shared local data on disparate racial outcomes, held events discussing race, and worked with partners to provide curriculum support for local schools that addressed race.

*Takeaway for your organization:* Consider how you can use the arts or cultural events to spur new conversations about race and how you can then capture that momentum through a number of other efforts.

# OTHER TRENDS TO WATCH



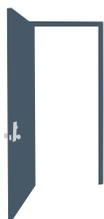
## Philanthropy and democracy

A number of national foundations are exploring ways that philanthropy can best address deep divisions in our political system. The William and Flora Hewlett Foundation's democracy [blog](#), the [Democracy Fund](#) by Omidyar Network, and the [Democratic Practice](#) program of the Rockefeller Brothers Fund are just a few of the places now exploring new possibilities for increasing citizen engagement and participation. In the community foundation realm, a recent Kettering Foundation [report](#) highlights the work of the Humboldt Area Foundation to build "community democracy."



## Income segregation

In 1970, 64.7 percent of Americans lived in middle-income census tracts, with the remainder living in higher- or lower-income neighborhoods. In 2010, only 42.8 percent lived in middle-income neighborhoods, with roughly equal amounts living in higher- or lower-income neighborhoods.<sup>16</sup> Those living in lower-income neighborhoods often face inadequate public services funded by a weak stream of local tax dollars. Those in higher income neighborhoods may face an "empathy gap," as research shows that the wealthy living in high-income enclaves give proportionally less than the wealthy who live in moderate-income areas.<sup>17</sup>



## Opting out

For families that earn less than \$75,000 per year, only 6 percent of their children attend some form of private school. But for those families making more than \$75,000 per year, that figure is 17 percent, nearly triple.<sup>18</sup> And schools are just one facet in which wealthy families can opt out of poor public infrastructure and choose to pay for better private options — consider transportation, housing, and security, just to name a few. For many, this creates a "filter bubble," where those opting out of poor public services don't see, and thus don't act upon, areas that need improvement. Community leaders have commented that some community residents are genuinely surprised to learn that there is poverty in their seemingly comfortable geography. If income levels remain segregated by geography, look for this trend to get worse.

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# IDEAS FOR TAKING ACTION



## A sampling of approaches to consider

### Lower intensity

- Begin to research divisions in your own community. Where are the biggest divisions in your area? Racial or ethnic segregation? Income inequality? Loneliness? Have an informal conversation with a set of trusted advisors about one of more of these issues.
- Look at your grant portfolio. How much do your grants already work to address these types of divisions? Have a conversation with one or more groups working on these issues to learn more about whom they are serving.
- Have a conversation with your board about divisions in your community. Bring in an expert on some aspect of divisions to frame the conversation.

### Medium intensity

- Survey your community to gauge its understanding of these divisions. If you can, survey your donors as well. Do your donors' perceptions match those of other constituents?
- Commission research on the divisions in your community. How can you learn more about what's happening in your community and share that information with local residents?

### High intensity

- Hold a meeting to share information across one or more divisions in your community, and discuss those divisions with a group that bridges the gap. What actions can you take, or forums can you help create, to continue the discussion?
- Consider your board and staff. Is your organization a model for bridging divisions in your community? Does your staff represent the ethnic makeup of your community? Does your board? If not, look at how you can increase the diversity of your board and staff.

### Imagine: What if your organization...

- ...deliberately positioned itself as the place that brings together disparate and/or conflicting groups to talk about issues and look for common ground and solutions?
- ...ensured economic opportunity and encouraged academic achievement for *all* local youth by offering scholarships or job placements for those who meet certain academic or job training goals?

What ideas come to mind for your organization?

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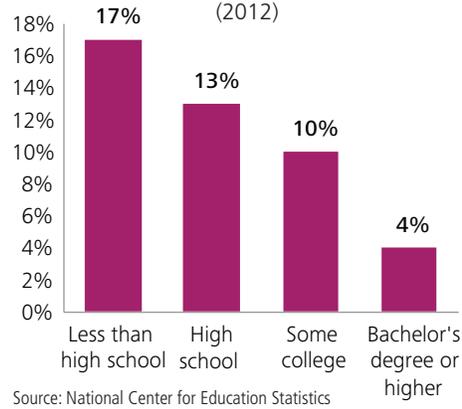
# KNOWLEDGE ECONOMY



Over the past few decades, the U.S. economy has heavily shifted away from production and toward services. An estimated 80 percent of all U.S. jobs will be in the services-providing industry by 2022,<sup>1</sup> the highest paying of which require specialized skills and education. In an effort to better deliver these skills to those that need them, organizations are testing a number of new approaches. Some are working to better align K-12 curriculums to the demands of today's knowledge economy. Others are promoting new models and new ways to finance postsecondary education. And others are focusing on ongoing workforce development and testing new programs that align company needs with new training structures.

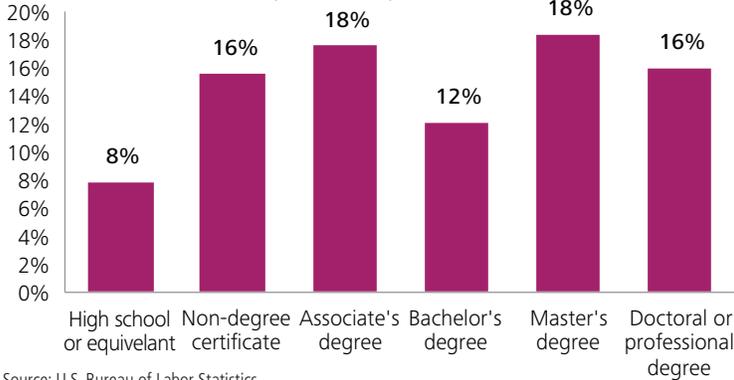
These and other yet-to-be discovered approaches will be crucial to ensuring that residents can compete in a changing, knowledge-based economy. Together, governments, educators, employers, and social sector organizations are beginning to work together to experiment and create new ways to develop a workforce that matches the future economy.

Unemployment Rate for 25- to 34-Year-Olds by Degree Type<sup>2</sup>



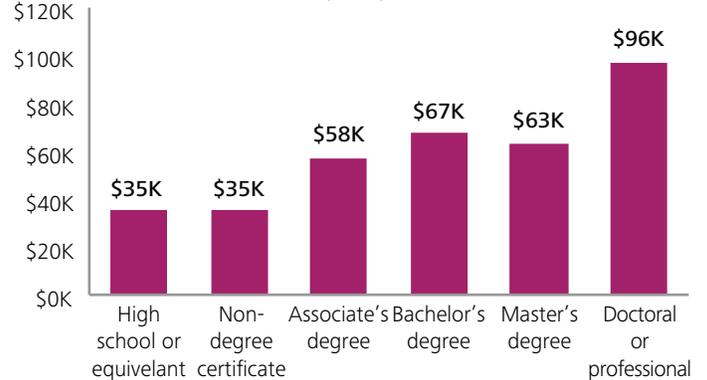
More education has historically led to higher employment rates and wages.

Projected Growth in Jobs That Require Various Degrees<sup>3</sup> (2012–2022)



Jobs requiring only a bachelor's degree are actually expected to grow more slowly than those requiring an associate's degrees or some type of non-degree certification.

Median Annual Wages by Degree<sup>4</sup> (2012)



## How Others Are Responding

Promising approaches from the field

**Cocreate a comprehensive workforce development initiative:** **West Central Initiative**, a regional community foundation in rural, west central Minnesota, focuses on workforce development as one of its key priorities. The organization administers and supports the Labor Force Development Council, a voluntary association composed of leaders from businesses, educational institutions, local government, and social sector groups focused on workforce development. The Council organizes around important workforce issues such as incumbent worker training for the manufacturing industry, health care training programs, employee recruitment, and others. To augment what is available locally, West Central Initiative has developed its Workforce 2020 program, which brings nationally recognized manufacturing expertise and training programs to the region to train employees on new technology and systems.

*Takeaway for your organization: Consider how you can connect with other organization to assess and address skills training for your local workers.*

**Promise a college education for local kids:** Following the lead of a program piloted in Kalamazoo, Michigan, the **Pittsburgh Foundation** created and continues to help to fund the Pittsburgh Promise, an organization that seeks to help all students in Pittsburgh public schools plan, prepare, and pay for education beyond high school at an accredited postsecondary institution within the Commonwealth of Pennsylvania. Students meeting certain academic and geographic eligibility requirements receive up to \$40,000 for college, with funding coming from more than 100 foundations and companies. The Pittsburgh Promise also supports urban school reform and neighborhood developments that create an educational environment where students can succeed. This "promise" model has caught on and is being adapted by community foundations across the country.

*Takeaway for your organization: Ask what bold actions your organization can take to ensure that children have access to a quality postsecondary education.*

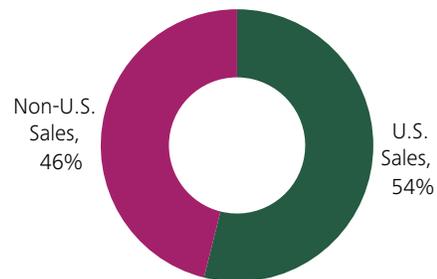
# GLOBALIZATION



The global economy has continued to grow more interconnected. Global trade has steadily increased, leading to a number of complex outcomes — simultaneously allowing for lower-cost imports, contributing to the offshoring of U.S. jobs, spurring new industries, and opening export markets for American products. China and India are likely to eclipse the United States as the world's largest economies in the next two decades — and the globalizing economy is likely to accelerate the mobility of corporations, and their jobs, as skilled workers from the developing world rewrite expectations about where professional services take place.

Globalization has also connected us to cultures and people across the globe. News events from the other side of the world now appear on Twitter feeds nearly instantaneously. This increased connection, coupled with new vehicles that facilitate global giving and lending, have compelled many U.S.-based donors to extend their philanthropy beyond the national border.

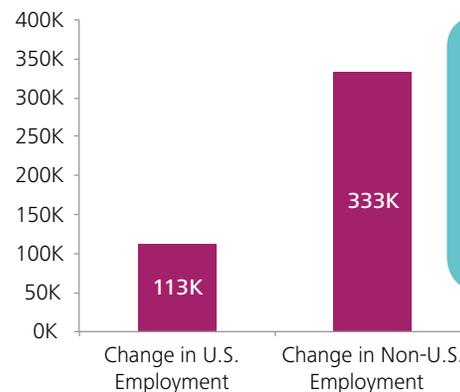
U.S. vs. Non-U.S. Sales for S&P500 Companies<sup>5</sup>  
(2011)



For large, U.S.-based corporations, 46% of sales come from outside of the U.S.

Source: S&P Dow Jones Indices LLC

Change in Employment for a Sample of Large U.S.-based Multinational Companies<sup>7</sup>  
(2009–2011; n=35)



Large, U.S.-based multinational corporations are prioritizing global expansion, hiring non-U.S. workers at nearly triple the rate of American ones.

Source: Wall Street Journal

Total U.S. Trade (Exports + Imports) as a Percentage of GDP<sup>6</sup>  
(1960–2012)



Trade is increasing, and since 2000, exports have grown faster than imports.

Source: U.S. Census Bureau



## How Others Are Responding

Promising approaches from the field

**Spur the development of local industry clusters:** A number of community philanthropy organizations are helping to create industry clusters that can take advantage of global demand. For instance, as the global market for solar technology grew, the **Toledo Community Foundation** asked how its community could take part. The Foundation is working to broker a collaboration between the community's budding local solar industry and NASA around solar technology. If successful, the collaboration will help to bring NASA's expertise and research in to help the sector develop. Because the Foundation is seen as a neutral actor, it can help to broker the agreement and create an ecosystem to help spur innovation and industry in its region.

*Takeaway for your organization: Understand where global demand for U.S. products is increasing, how your local industries can participate, and what your organization can do to help.*

**Consider the global interests of donors:** The Community Foundation Global Giving Initiative is a program coordinated by The Philanthropic Initiative, now part of the **Boston Foundation**. The community-foundation-led effort is exploring how community foundations can better meet international and diaspora giving interests of their donors effectively, efficiently, and affordably. While still in development, the initiative could provide a central resource that offers an online knowledge center, individual advisory services, and cost-effective assistance with global grantmaking.

*Takeaway for your organization: Beyond economic considerations, ask how your donors are interacting with the global community, whether your organization wants to be a part of that interaction, and how you might partner with others.*

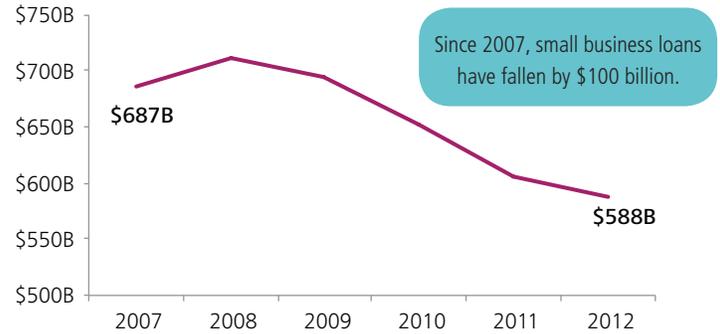
# LOCALISM



At the same time that globalization increasingly connects the U.S. economy to other parts of the world, many communities are rethinking the value of creating and nurturing local economic ecosystems. For instance, buy-local campaigns are increasing sales for many independent businesses, and “community currencies” — those currencies that only have value to buy goods and services from local business — are gaining in popularity. In addition to measures like these, some communities are trying to map local supply chains and intervene in ways that make them more local and more sustainable.

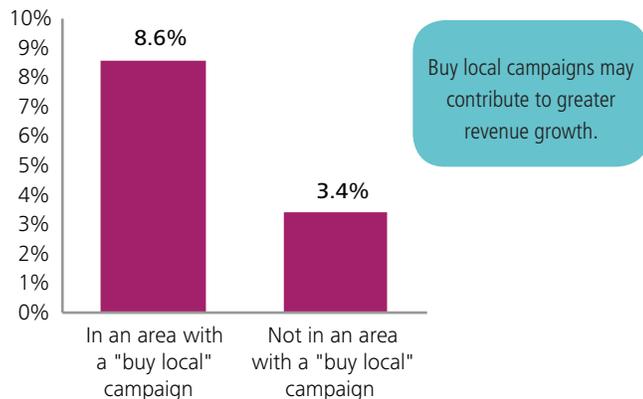
Despite significant advances in the localism movement, significant barriers remain. One key challenge is related to access to capital, as many local businesses cite lack of financial investment as a primary hurdle to growth. As banks pulled back lending to small businesses, 43 percent of small business owners expressed difficulty in finding a loan over the past four years.<sup>8</sup>

**Total Value of Small Business Loans Outstanding<sup>9</sup>**  
(2007–2012)



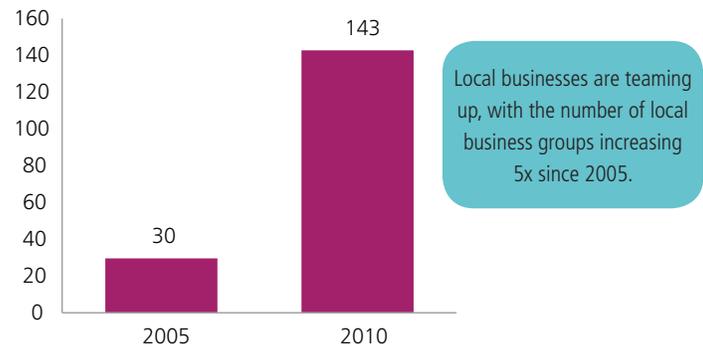
Source: U.S. Small Business Administration

**Revenue Growth for Independent Businesses<sup>10</sup>**  
(2012)



Source: Institute for Local Self-Reliance

**Number of Local Business Groups<sup>11</sup>**  
(2005–2010)



Source: Institute for Local Self-Reliance



## How Others Are Responding

Promising approaches from the field

**Consider your local economic ecosystem:** The **Evergreen Cooperatives**, spearheaded by **the Cleveland Foundation** in 2007, leverages a buy-local strategy to create employment and ownership opportunities in businesses that are rooted in low-income neighborhoods. The Foundation collaborated with local anchor institutions, such as hospitals and universities, to launch for-profit, worker-owned cooperative businesses that serve real procurement needs of the institutions. To date, there are three Evergreen Cooperatives and a holding company composed of anchor institution partners, foundations, the business community, and representatives of each cooperative. The Foundation also established the Evergreen Cooperative Development Fund, a nonprofit revolving loan fund that invests start-up capital in the companies.  
*Takeaway for your organization:* Consider how your organization can promote wealth building and economic inclusion for low-income residents.

**Recognize companies that give locally:** **The Community Foundation for Montgomery County** works in collaboration with the **Community Profits Montgomery** Initiative to publically recognize local companies that give at least 2 percent of their operating income to local charitable causes. The initiative, which was conceived by two local businesses that wanted to use positive reinforcement to encourage local giving, provides benefits such as press recognition, a special logo that companies can display to signal their commitment to the community, members-only networking and professional development events, and strategic advising from the Foundation to refine giving strategies.

*Takeaway for your organization:* In addition to buy-local and lend-local campaigns, consider how your organization can recognize companies that “give local” in meaningful ways.

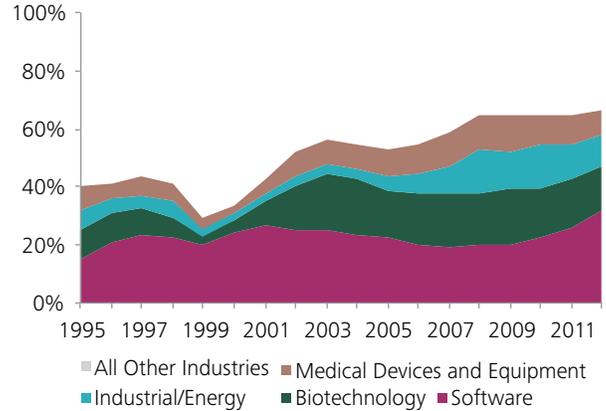
# INNOVATION AND ENTREPRENEURSHIP



Innovation and entrepreneurship have long helped local communities develop new industries and create valuable jobs. But for many entrepreneurs, finding the start-up capital, loans, and mentorship needed to run a new business is incredibly challenging. And if an entrepreneur's business doesn't fall neatly into the traditional industries that venture capital increasingly tends to fund, then finding these connections can be even more difficult.

As the growth of traditional venture capital investment remains stagnant, new methods for developing innovation and entrepreneurship are taking root. Networks of wealthy business people looking to invest in new companies, called angel investors, may play a larger role in financing new companies. Accelerators, which provide mentorship, working space, and introductions to investors, are also gaining in popularity. And crowdfunding, which is still in its nascent stages, may emerge as a viable way to fund new companies. For businesses that create local jobs and other community benefit, more and more foundations may be part of these new solutions.

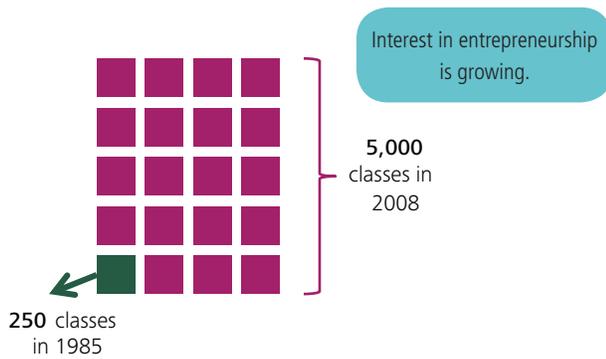
**U.S. Venture Capital Investment by Industry<sup>12</sup>**  
(1995–2012)



Source: National Venture Capital Association

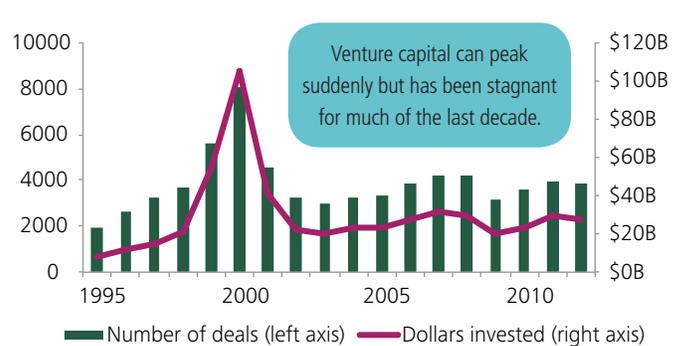
Venture capital tends to fund only specific industries. Two-thirds of funding went to these four industries in 2012.

**Collegiate Classes on Entrepreneurship<sup>13</sup>**  
(1985–2008)



Source: Kauffman Foundation

**U.S. Venture Capital Investment<sup>14</sup>**  
(1995–2012)



Source: National Venture Capital Association



## How Others Are Responding

Promising approaches from the field

**Incubate local new ventures:** Along with a number of partners, **Berks County Community Foundation** created the Jump Start Incubator, which helps entrepreneurs cultivate viable business concepts, supports them through their critical start-up phase, and accelerates their commercialization and growth. Located in the same building as the Foundation, the goal of the Incubator is to enable emerging companies secure long-term sustainability, create jobs, increase the tax base, diversify the economy, and ultimately enhance the quality of life in the Reading, Pennsylvania region.

*Takeaway for your organization: Consider how you can partner with business groups to create new opportunities in your community.*

**Engage the community in developing new ideas:** **The Community Foundation of Greater Birmingham** hosted an open innovation contest called Prize2theFuture that encouraged 3,000 residents to develop a plan to redesign a downtown city block. Through the contest, the Foundation received more than 1,100 submissions, which included ideas around local businesses, cultural institutions, parks, and other uses for the land. The winning design combined these elements and included plans for an outdoor concert space, a technology lab for resident use, an Impact HUB space to bring together socially minded residents, a pocket park, and a local café. While the land-owner ultimately used the land differently, the contest successfully gathered new ideas from across the community.

*Takeaway for your organization: Explore ways that you can encourage innovation from a larger number of community residents.*

# OTHER TRENDS TO WATCH



## Advances in automation

Real U.S. manufacturing output has doubled over the past 25 years even as the industry has slashed a third of its jobs over the same time period.<sup>15</sup> To make up for the gap, worker productivity continued to climb, largely due to automation, as the stock of industrial robots in North American has more than doubled since 2000.<sup>16</sup>

Over the next 25 years, many service and knowledge industries may follow a similar path: restaurant chains installing tablets tableside at their restaurants, which allow customers to bypass servers,<sup>17</sup> and newspapers relying on automated writing programs.<sup>18</sup> And an industrial robot called Baxter that has two human-like arms and can learn movements directly from other workers is now reported to cost just \$22,000 — the equivalent of one year of a minimum wage salary.<sup>19</sup>

To be clear, there will be tremendous opportunities as well — new jobs related to robotics, high-tech manufacturing, and yet unimagined creative uses for these technologies. GDP and profits will almost certainly rise as a result. But if these high-value opportunities accrue largely to a well-educated creative class at the expense of lower-wage workers, then some vulnerable community residents will continue to be squeezed as this trend plays out.



## Growth of the sharing economy

The peer-to-peer sharing economy, which stresses access as opposed to *ownership* and allows consumers to share items they use less frequently, now has the potential to grow to as much as \$26 billion.<sup>20</sup> Companies like Lyft or Uber allow ordinary car owners to become chauffeurs, using a mobile app to find people who need a ride and securely be paid online. AirBNB allows those with an extra bedroom or couch to rent the extra space one night at a time. And some local libraries are even providing power tools for its residents to borrow, recognizing that not everyone needs to own a fully stocked tool box.

As technology enables this sharing economy to further thrive, regulatory and legal concerns may hinder development. In some areas, car-sharing programs are considered to be unregulated taxis and are prohibited. Similarly, laws around hotel taxes on short-term rentals are being challenged. But for some items, a robust sharing economy can make financial sense and better help to weave the social fabric in a community.

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# IDEAS FOR TAKING ACTION



## A sampling of approaches to consider

### Lower intensity

- Identify or commission research on current trends in your local economy. Currently, what are the largest industries in your community? Which of them are vulnerable to some of the shifting economic forces documented in this section?
- Map the new businesses that are emerging in your community. What industries are growing? How are you connecting with them?

### Medium intensity

- Convene workforce development organizations, educational institutions, chambers of commerce, local business, and others to discuss economic issues in your community and explore how to best cooperate. What can you do to promote collaboration and further dialogue?
- Engage an economist or business professor at a local university and ask them to create an analysis aimed at finding new export opportunities for local businesses. Which products and services are growing from overseas demand? How do those goods align to what businesses produce in your area? What support can you provide to connect local businesses to these opportunities?

### High intensity

- Assess your local supply chain. Which goods and services do businesses in your community most import, either from across the country or across the world? Are there local suppliers that could be a better fit? How could you help broker connections or create businesses or social enterprises that take advantage of this?
- Use your endowment and your donors' expertise to create a venture fund or accelerator. How could you co-create an initiative with donors who have business experience, robust networks, and interest in helping new businesses succeed?

### Imagine: What if your organization...

- ...started a local business that trained and employed low-income workers?
- ...was the hub for your community's sharing economy, bringing residents together to share everything from power tools to buses to children's toys and other resources?
- ...became the driver and clearinghouse for a community currency that supported local businesses?

What ideas come to mind for your organization?

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# CLIMATE CHANGE



If climate prediction models are even close to correct, then most local communities will at some point have to deal with the effects of climate change. Coastal communities, for instance, will face rising sea levels, bigger storm surges, and changes in ocean fisheries, while more extreme fluctuations in precipitation are expected to cause flooding in some areas and increased drought in others.<sup>1</sup> In these places, changes in climate patterns may simply overwhelm the existing agenda of community organizations.

But climate change may also attract new resources. Climate concerns may spark new thinking and technology related to clean energy, transportation, agriculture, or even more sustainable supply chains broadly. They may also catalyze new resources from governments, national foundations, or corporate partners looking to mitigate climate change or to create resilient communities that can adapt to climate pressures.

## North American Map with All Icecaps Melted<sup>3</sup>



Source: National Geographic

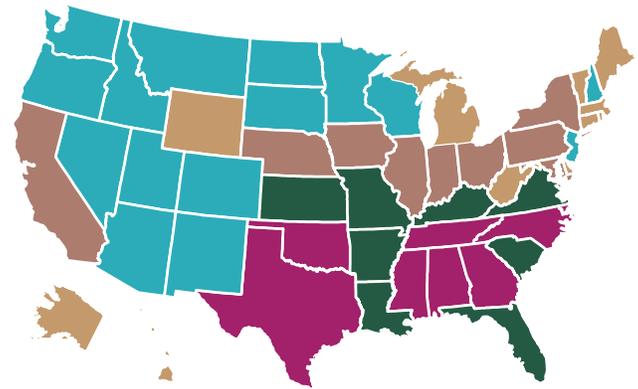
Over the very-long term, some coastal communities may face an existential threat. And even just within the next 100 years, significant climate shifts are possible.<sup>2</sup>

Sea level rise	Average temperature	Ocean acidification	Rare heavy precipitation events
<b>+4ft</b>	<b>+10°F</b>	<b>5x</b>	<b>5x</b>

Source: U.S. Global Change Research Program

## Number of Billion-Dollar Weather Disasters<sup>4</sup> (1980–2011)

The number of expensive weather disasters, already high in many parts of the country, will likely increase.



■ 1–8   ■ 9–16   ■ 17–24   ■ 25–32   ■ 33–42

Source: U.S. Global Change Research Program



## How Others Are Responding

Promising approaches from the field

**Make changes to prevent further climate change:** **Park City Community Foundation** orchestrated a climate change initiative called “Save Our Snow” in partnership with other organizations to help community residents reduce their carbon footprint and to protect the area’s snow-based economy. The Foundation partnered with a local ski resort to fund a research study that estimated the costs of climate change to the local ski economy, with the Knight Foundation’s Community Information Challenge and the local government to create a website where residents could track their own carbon reduction strategies, with the local public utilities company so customers could better track their energy usage, and with local nonprofits to launch a monthlong calendar of community education events on carbon reduction strategies.

*Takeaway for your organization:* Consider what information your community residents would need to reduce their carbon footprint, how you could deliver that information to them, and whom you might partner with.

**Prepare for coming environmental changes:** In response to the threats that climate change and extreme weather pose to coastal cities, the **Baton Rouge Area Foundation** partnered with government and environmental leaders to create the Water Institute of the Gulf. The Institute, which received seed funding from the Foundation and other funders, focuses on research, data modeling, policy advocacy, and knowledge sharing on topics related to water needs in the Gulf. In the longer term, the Institute is designed to be self-sustaining, contracting with government officials, academic leaders, and others to better study water-related topics that affect the Gulf Coast.

*Takeaway for your organization:* Map which institutions in your area care most about climate change, and consider how you can partner with them to respond.

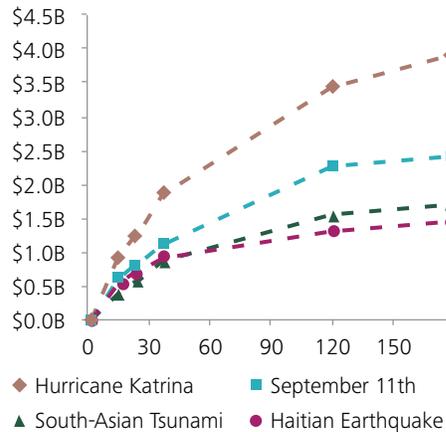
# DISASTER EFFORTS



If climate change increases the frequency or severity of weather-related disasters, then disaster preparedness, response, and recovery will become a more important priority for many communities. While governments have historically handled the lion's share of disaster response, philanthropy has also played a crucial role in raising support. Most private relief funds come from individuals and are donated immediately after a disaster occurs; for recent disasters, a quarter of the total amount raised came within the first two weeks of a disaster, and half came within the first five weeks.<sup>5</sup>

This rapid charitable response can create numerous challenges for philanthropic organizations. Disaster preparation becomes critical, since organizations without clear plans in place may miss the critical initial window of public response. And once donations trail off in the months after a disaster, it can be difficult to find additional funds for recovery efforts — efforts that can often take years, if not decades. At the same time, because attention and donations typically flow toward a community only *after* a disaster has occurred, preventative measures are often left underexplored and underfunded. Knowing this, some foundations are putting a special emphasis on preparation, resilience, and long-term recovery.

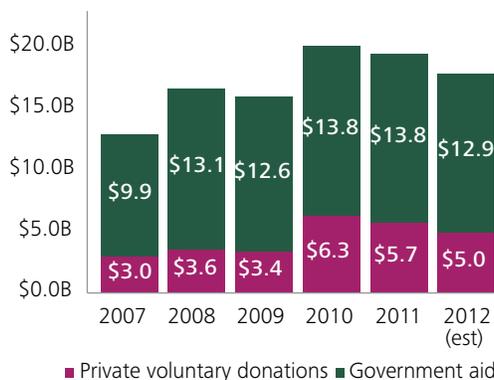
**Cumulative Amount Raised by Select U.S. Nonprofits After Disasters<sup>6</sup>**  
(by number of days after the disaster)



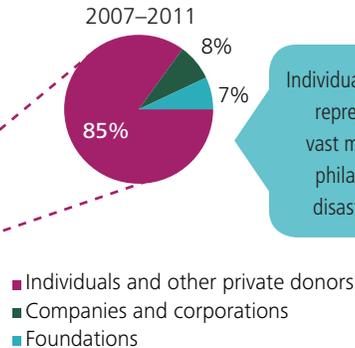
Giving tends to skyrocket immediately following a disaster and then levels off. If your organization doesn't have a plan in place before disaster strikes, you may miss the most important window for attracting funds.

Source: IUPUI Lilly Family School of Philanthropy

**Global Disaster Relief<sup>7</sup>**



**Composition of Private Disaster Relief<sup>8</sup>**



Private donations have contributed approximately 20-30% of the total disaster response over the past few years.

Individual donations represent the vast majority of philanthropic disaster relief.

Source: Global Humanitarian Assistance



## How Others Are Responding

Promising approaches from the field

**Embrace collaboration for greater impact when funding long-term recovery efforts:** **The New Jersey Recovery Fund** at the **Community Foundation of New Jersey** was established with a lead gift from the **Geraldine R. Dodge Foundation**, and it is a joint effort between national foundations, New Jersey corporations, individuals, and other community foundations, including the **Community Foundation of South Jersey**, to support long-term recovery efforts focused on rebuilding from Hurricane Sandy. The Fund focuses on long-term solutions that promote economic vitality, healthy natural ecosystems, strong and engaged communities, government transparency, and a fair distribution of recovery resources. Fund grantees are working in collaboration with one another in order to increase their impact on recovery and to strengthen the nonprofit community in New Jersey.

*Takeaway for your organization: Because of their permanence and deep community roots, community foundations can be ideal long-term partners for disaster recovery. Consider working as a consortium of funders to achieve more together than your organization could on its own.*

**Prepare in advance for disasters:** In an area prone to earthquakes, droughts, and other natural disasters, **The San Francisco Foundation** is working to help **prepare the Bay Area** in advance of a major natural disaster, with a particular focus on low-income communities and communities of color. The Foundation is working with nonprofits to create a plan before a disaster strikes and has funding agreements in place with 46 food, shelter, and health organizations through which it will expedite emergency response grants. In addition, the Foundation has worked with a number of organizations that focus on disaster response and recovery, in particular by helping to connect them to government partners so that efforts are coordinated should a disaster strike.

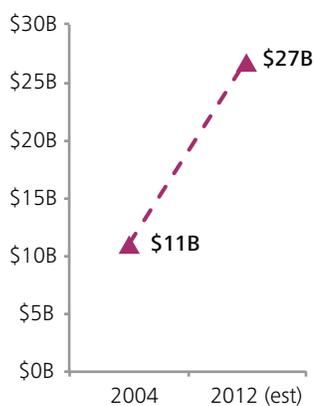
*Takeaway for your organization: Don't wait for a disaster to strike. Map which organizations will need to be involved in disaster response and recovery, and preapprove emergency procedures to help these groups respond immediately.*



The term “sustainability” has become a catchall for a wide range of different behaviors related to whether our current social practices and consumption of resources can continue in the long term without causing irreversible damage to the environment. Resources like freshwater, oil, and rare earth minerals are likely to become stressed over the next century.<sup>9</sup> And over the last decade, sustainability has gone mainstream, as interest in recycling, sustainable agriculture, clean energy, and green business has coalesced into a coordinated movement focused on the ongoing health of the local ecosystem. To conserve threatened resources, communities are developing sustainability plans, which can look quite different across the country, focusing on everything from clean energy to conservation to healthy, locally grown food.

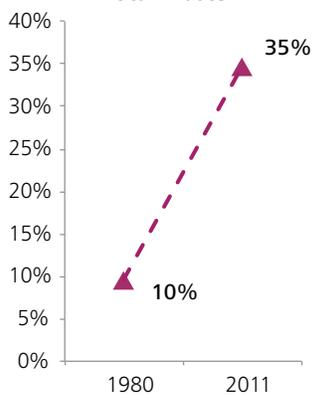
There is a clear need for communities to think carefully about emerging risks to the sustainability of the local ecosystem. But the sustainability movement is producing new openings as well. New economic models and jobs related to clean energy, electric vehicles, organic food, sustainable supply chains, and others will continue to emerge as the growing focus on sustainability continues.

**Organic Food Sales<sup>10</sup>**



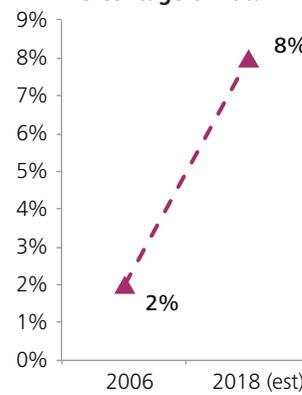
Source: U.S. Department of Agriculture

**Waste Recycled as a Percentage of Total Waste<sup>11</sup>**



Source: U.S. Environmental Protection Agency

**Renewable Power Generation as a Percentage of Total<sup>12</sup>**



Source: International Energy Agency

Beyond any one measure, there are many signs that the sustainability movement is gaining steam.



## How Others Are Responding

Promising approaches from the field

**Consider your community’s natural setting as a stakeholder:** Located on Canada’s stunning west coast, the **Clayoquot Biosphere Trust** is a unique community foundation whose vision for its community is to “live sustainably in a healthy ecosystem, with a diversified economy and strong, vibrant and united culture.” Guided by this vision, the community foundation focuses its efforts on how its residents can live in better harmony with nature by funding numerous research studies on topics such as stream restoration, predator and prey populations, and one called “How did the amphibians cross the road?” related to the deaths of threatened amphibian species on roadways. Ensuring it represents the entire community, half of the Foundation’s trustees come from local First Nations populations, who help ensure that the Foundation’s work is guided by philosophies such as *lisaak*, or “living respectfully.” Beyond its more traditional community foundation roles, the Foundation helps to connect residents, donors, and the long-term environmental health of the community.

*Takeaway for your organization: Consider what are the most valued natural resources in your community, which residents protect them, and how you can help.*

**Bolster your community’s sustainable food supply:** The **Whatcom Community Foundation** is working to build a healthier and more sustainable food supply in Northwestern Washington. The Foundation created the Sustainable Whatcom Fund Advisory Committee, which identified an opportunity to connect local farmers to the region’s public schools. The Committee developed and implemented the **Whatcom Farm-to-School initiative**, which helps bring local and seasonal vegetables and dairy products to the area’s public schools. In addition to this initiative, the Foundation received funding from the Convergence Partnership to create the Whatcom Farm Incubator Fund, which helps new and existing locally owned farms to use more sustainable practices and to create a land-based mentorship program that provides hands-on experience to local farmers.

*Takeaway for your organization: Map the ways that your organization can help grow and deliver sustainable food to those who need it most, and consider which partners can help.*

# OTHER TRENDS TO WATCH



## Climate skeptics

According to a Pew survey, 67 percent of all Americans believe there is solid evidence to support global warming, whereas only 46 percent of Republicans and 25 percent of Tea Party members do — and figures are even lower when asking about human-induced warming.<sup>13</sup> So how do you talk to skeptics about climate change? “Find common ground, build a strong network of diverse partners,” notes Dorothy Barnett, Director of the Climate + Energy Project, a Kansas-based nonprofit. The organization and its partners focus on messages that resonate with Kansas residents around thrift, economic development, and stewardship to encourage residents to cut power usage and support clean energy projects like wind turbines.<sup>14</sup>



## Social networks and disaster response

Many organizations, including FEMA, recommend that residents have a 72-hour plan to take care of themselves and others until formal disaster response can arrive.<sup>15</sup> While supplies like flashlights and clean water make up a crucial part of this plan, many organizations are also looking at the importance of building social networks, both online and offline, in order to band together to share resources and information during a disaster. The San Francisco Department of Emergency Management, through its SF72 program, is one organization working to build and mobilize these social networks. The organization’s recommendations range from following emergency responders on Twitter to sharing phone chargers with neighbors during a disaster.<sup>16</sup>



## Building resilience

**The Rockefeller Foundation’s** 100 Resilient Cities initiative has the goal of making people, communities, and systems better prepared to withstand catastrophic events — both natural and manmade — and able to bounce back more quickly and emerge stronger from these shocks and stresses. The Foundation is choosing 100 cities globally and is helping them to fund a chief resilience officer and a citywide resilience plan. In 2013, the Foundation announced the first cohort of cities and will document their learnings over time.<sup>17</sup> Other foundations that have invested in resilience or disaster response include the Jessie Ball duPont Fund, the Conrad N. Hilton Foundation, and Margaret A. Cargill Foundation.

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# IDEAS FOR TAKING ACTION



## A sampling of approaches to consider

### Lower intensity

- Talk with an environmental expert from a local university, nonprofit, or government agency about emerging environmental issues in your area. What environmental threats are most alarming for your community? Who is thinking about them? What possibilities exist to prevent or mitigate negative effects?
- Research the organizations that are most effectively or most creatively thinking about environmental, climate change, or sustainability issues in your community. How many of these organizations — whether nonprofit or for-profit — are you currently supporting?

### Medium intensity

- Construct a detailed plan about what your organization's role would be should a disaster strike. Would you provide emergency relief? Collect funds for long-term recovery? Act as a clearinghouse for donations that pour in from outside the community? What systems do you need in place, and whom should you partner with?
- Convene environmental nonprofits around a pressing environmental issue in your community. What role can you play in helping to support and coordinate activity across the groups?

### High intensity

- Bring together residents with opposing environmental views — businesses, activists, government leaders — in a carefully facilitated conversation designed to find common ground.
- Develop and implement a plan for becoming carbon neutral as an organization, and encourage similar behavior in the community. What if you influenced your grantees by asking them all to consider sustainability issues as part their grant applications?

### Imagine: What if your organization...

- ...acted as a land trust to permanently conserve and sustainably enjoy your community's natural resources?
- ...published a list of your community's greenest organizations and its biggest polluters?

What ideas come to mind for your organization?

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# HOW PHILANTHROPY IS CHANGING

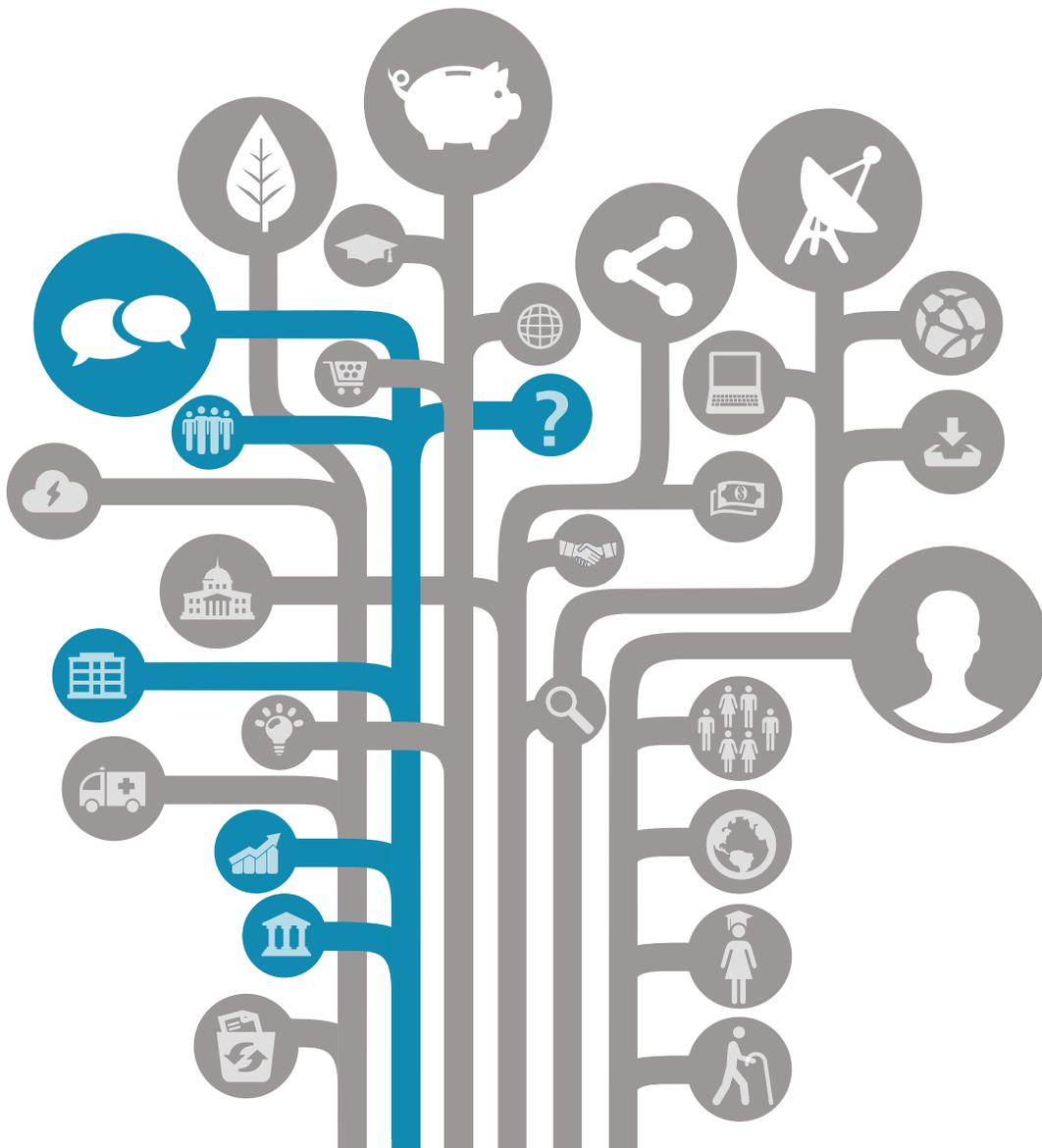
Although their business is social good, community philanthropy organizations still operate in a market context with suppliers, competitors, intermediaries, substitutes, and many other dynamics. Traditional models, such as local United Ways and community foundations, are now just one part of a broader landscape that has changed dramatically over the past 20 years.

In this context, donors now have unprecedented choice in their philanthropic purchases. Enabled by technology, donors can bypass traditional intermediaries and give directly to charitable projects, whether across the street or across the globe. They can set up donor-advised funds at commercial charitable gift funds or single-issue organizations like colleges or hospitals. They can also do their giving through wealth advisors or pay for an intermediary like Foundation Source to start a private foundation for them. And donors who want to give more than money can work with a number of engaged philanthropy organizations like Social Venture Partners and volunteer their talents as well.

Some donors are looking outside of the nonprofit sector entirely. They are opting to create social change either by investing in responsible and sustainable businesses or by influencing political outcomes through newly popular 501(c)(4) political action committees (PACs). As a result, the boundaries between public, private, and philanthropic roles are blurring rapidly. Donors are at the center of this shift, and they're increasingly agnostic about whether the organizations they support are for-profit, nonprofit, or something in between, as long as they have social impact.

Beyond this focus on donors, a number of organizations are practicing a more inclusive type of philanthropy that includes beneficiaries in the decision-making processes, engages residents to help make funding decisions, and brings traditionally excluded groups into the decision-making process. These and other approaches are helping these organizations fight for relevance in an increasingly crowded philanthropic marketplace.

As you read about these trends below, consider how the menu of options for what a community philanthropy organization can do is expanding. Ask how these trends manifest in your community and whether you'd be interested in experimenting with any of the approaches you see.



# UNPRECEDENTED DONOR CHOICE



Donors today have an incredible number of choices when it comes to their philanthropic decisions. They can give through a dizzying array of vehicles, ranging from charitable gift funds and United Ways to community foundations and online giving platforms. And while community foundations and local United Ways have historically dominated the community philanthropy environment, many alternatives are growing quickly. For example, for the first time ever in 2012, commercial charitable gift funds held more assets in donor-advised funds than the collective community foundation field. And these gift funds raised an additional \$6.5 billion in 2012 — 50 percent more than the \$4.3 billion raised by community foundations.<sup>1</sup>

The abundance of different vehicles for charitable giving is further complicated by a new set of options that are emerging as ways for individuals to try to effect change — through *political contributions* to PACs, and through *impact investments* in social enterprises and social-purpose businesses that produce both financial and social returns.

Donors today must navigate a path through an ever-growing range of options for effecting social change.



## How Others Are Responding

Promising approaches from the field

**Require a commitment to the community:** Donors can select donor-advised funds from many organizations, so for many community foundations, the trick is to find the right product-market fit. The **Napa Valley Community Foundation** has decided to focus on donors who are willing to commit a portion of their assets to local causes. The Foundation **requires** every year that 5 percent of each donor-advised fund be transferred to one of several Community Impact Funds managed by the Foundation that focus on specific community needs, such as education or nonprofit capacity building. By requiring this commitment, the Foundation finds itself working with donors who are more focused on local issues. And from a financial perspective, this requirement helps the Foundation use donor-advised funds to support its local community leadership work, which is a challenge for many community foundations.

*Takeaway for your organization: Donors have many different options at different price points when it comes to donor-advised funds. Think creatively about different ways to price your product and which customers are the best fit.*

**Rethink your place in the philanthropic market:** The **Greater Kansas City Community Foundation's Greater Horizons** platform consolidates back-office operations — such as grant payments, grant applications, gifts processing, gift acknowledgements, quarterly fund statements, and IRS reporting — and packages these services to sell to others. The platform now provides back-office operations for dozens of community, private, and corporate foundations nationally. The platform extends the offerings of the Foundation beyond donor-advised and permanent endowed funds, allowing it to work with private foundations and other funders who might have otherwise chosen another organization to provide the services they needed.

*Takeaway for your organization: Consider how you can build off existing strengths, like back-office processing, to work with others in the philanthropic landscape. Conversely, if your organization is smaller, ask whether it makes sense to outsource some back-office functions to refocus on community impact.*

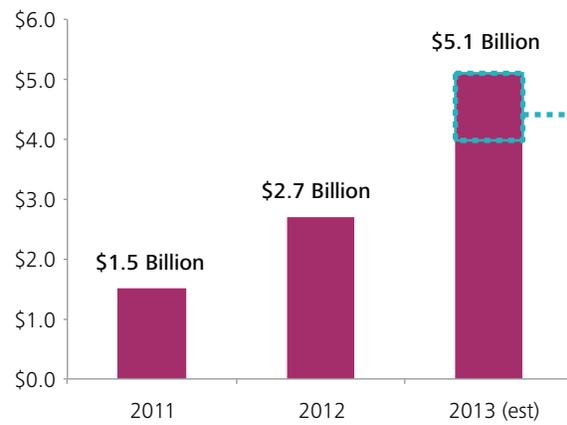
# THE POWER OF THE CROWD



Connective technology platforms have allowed donors and volunteers to connect with causes in a coordinated, scaled, and global way. Donors can scroll through a crowdfunding website, become inspired by a number of campaigns, give with two clicks, and receive simple feedback about what their money helped produce. This trend has disintermediated many traditional philanthropic brokers, letting donors directly support causes and projects they care about. And the growth of online crowdfunding platforms has been incredible. In fact, if recent growth rates continue, online crowdfunding for social causes could potentially eclipse all community foundation giving within the decade.

Beyond money, there has also been an increase in the use of crowdsourcing, where organizations are using large groups of people from online communities to divide up labor to create services, ideas, and content. By coordinating contributions from much larger communities, crowdsourcing can aggregate the knowledge of many to create impactful projects with a level of scale traditionally reserved for large corporations.

Total Dollars Raised on Crowdfunding Websites Globally<sup>2</sup>



Of these total amounts, over \$750 million went to social causes in 2012, growing 43% from 2011. At current growth rates, that number will have cracked the \$1 billion mark in 2013.<sup>3</sup>

Source: Massolution

## Online crowdsourcing



7.6M referrals since 1999<sup>4</sup>



4.5M volunteer-written articles since 2001<sup>5</sup>



300,000 registered solvers working on open innovation<sup>6</sup>



## How Others Are Responding

Promising approaches from the field

**Design a local crowdfunding/-sourcing solution:** **Gulf Coast Community Foundation** implemented two online platforms that connect residents to causes in interesting ways. First, a volunteer-oriented site called **You'd Be Perfect for This** matches residents interested in donating their time with skill-appropriate opportunities. The Foundation has also developed a proprietary online crowdfunding platform called **Gulf Coast Gives** that enables community organizations to post local charity projects and attract donors. In addition to attracting new financial sources to worthy causes, the platforms free up staff time otherwise spent making these connections in a less coordinated way. *Takeaway for your organization: Creating such a crowdfunding platform is a nontrivial effort but allows community residents to connect to each other to fund smaller projects and to find volunteer opportunities.*

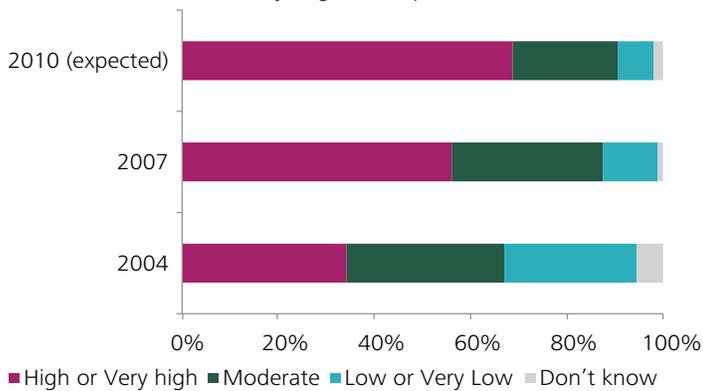
**Partner with existing platforms:** The **Southwest Initiative Foundation**, a regional community foundation in rural Minnesota, is enabling local entrepreneurs to get zero-interest loans directly from a global community of lenders. How? The Foundation has partnered with Kiva (a global nonprofit crowdfunding site) and is using Kiva Zip — a new U.S.-based lending model that enables local entrepreneurs to raise zero-interest loans from Kiva's one million lenders worldwide. The Foundation serves as a "Trustee" that endorses local businesses deserving of a loan, and to discourage fraud, both its endorsement status and recipient repayment status are made public. In the first year, the Foundation endorsed three small business loans totaling \$10,000 with a repayment rate of 100 percent (the national repayment rate is 87 percent). *Takeaway for your organization: Instead of creating your own crowdfunding platform, map out existing ones and think of how you could potentially partner with them. Keep in mind that your reputation, not your dollars, may be your most important asset on these sites.*



As the line between for-profit and nonprofit organizations continues to blur, responsible businesses are playing a larger role in creating social benefit. As established companies are paying more attention to corporate social responsibility, a new set of legal structures is allowing companies to deliberately incorporate social benefit into their operations. For instance, 20 states, including Delaware, have now passed special “benefit corporation” legislation that allows corporate officers to make business decisions that benefit society, even at the expense of the bottom line.

While business leaders are actively pursuing these developments, consumers are also demanding change. Millennials are actually more likely respond that a business’s purpose is to “improve society” than to “generate profit.”<sup>7</sup> Additionally, 67 percent of consumers have bought a product with an environmental or social benefit, 55 percent have boycotted a company’s products when the business behaved irresponsibly, and 91 percent would switch to brands that are associated with a good cause, presuming similar price and quality.<sup>8</sup> Responsibility is no longer optional for corporations when consumers (especially, younger consumers) see the private sector as instrumental in improving society.

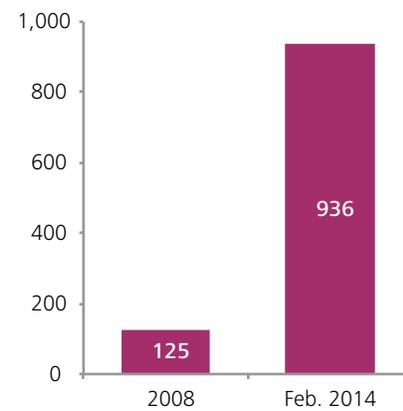
**How High of a Priority Is Corporate Social Responsibility<sup>9</sup>**  
(2007 survey of global corporate leaders)



Source: The Economist

Corporate social responsibility is a high priority for business leaders.

**Growth in Certified B Corps<sup>10</sup>**



Source: B Lab

B Lab is a nonprofit that certifies companies that meet certain impact measures. Since 2008, the number of these Certified B Corps has grown dramatically.



## How Others Are Responding

### Promising approaches from the field

**Include for-profits and nonprofits:** The **Central Okanagan Foundation** in Western Canada saw members of its community questioning whether nonprofits were the only way to create social change in Canada. In response, the Foundation worked with Okanagan Changemakers on an event called Change UP. Both nonprofits and for-profits submitted their ideas for creating positive social change in the community, the Foundation and other judges created a list of finalists, and community members voted on winners at a live event. Because there were separate winners from the nonprofit and for-profit categories, the two types of organizations could come together and connect but not have to compete against one another for recognition.

*Takeaway for your organization:* Consider ways to honor and encourage positive social change, regardless of whether it comes from nonprofit or for-profit organizations.

**Work to encourage corporate giving:** A number of community foundations are creating specialized centers for corporate philanthropy to help responsible businesses design and execute their giving. For instance, the **Foundation For The Carolinas’ Center for Corporate Philanthropy** offers many options for corporations exploring their giving options, such as designated, donor-advised, or scholarship funds. Beyond these more traditional options, the Center offers the ability to accept complex gifts through two subsidiary foundations: Community Real Property Holdings accepts gifts of real property, while Community Investments Foundation enables donors to make gifts of business interests. Additional solutions include philanthropic consulting services and even employee disaster and hardship relief funds, where companies and employees can contribute to a pool of funds for fellow employees facing unexpected hardships. Finally, the Center offers private foundation services should a corporation wish to give through an existing foundation.

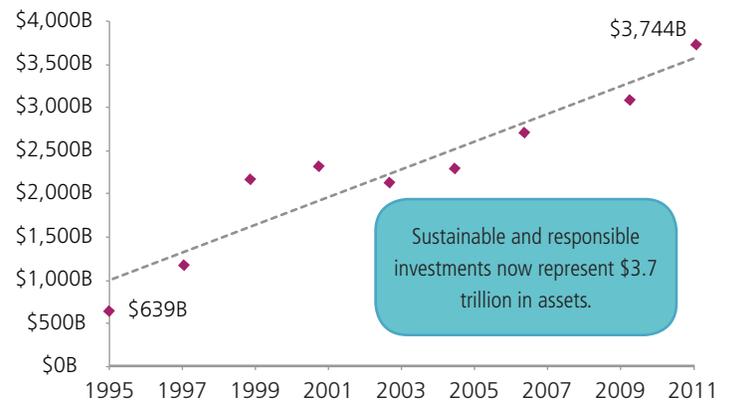
*Takeaway for your organization:* What businesses value in philanthropy may differ from what individuals value. Explore what it would take to develop a robust suite of services and products that would resonate with corporations.



According to the World Economic Forum, impact investing is an investment approach that intentionally seeks to create both financial returns and positive social or environmental impact.<sup>11</sup> For foundations, impact investing is a promising form of financing for several reasons: (1) it can allow the corpus of a foundation's endowment to be invested in a way that continues to grow the assets while also creating social benefit; (2) its investments can potentially help promote more financially sustainable community-serving organizations; and (3) its return in capital can be redeployed toward other impact investments, thereby creating a revolving, closed-loop system.

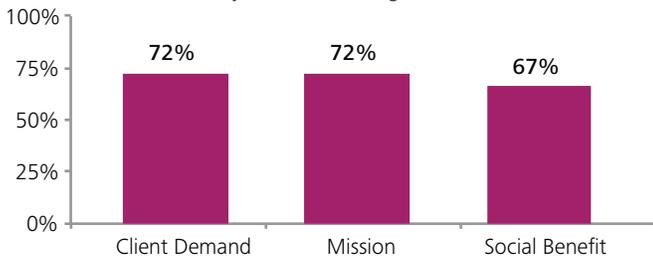
Despite these advantages, impact investing isn't right for all situations and issues, especially when there is no revenue stream involved to help pay back investors. And even when appropriate, actually finding, making, and tracking these investments have proven to be challenging for some investors. Nevertheless, as impact investing becomes more mainstream, many donors will begin to seek out impact investing opportunities as part of their giving portfolios.

**Growth in Sustainable and Responsible Investing<sup>12</sup>**  
(1995-2012)



Source: World Economic Forum

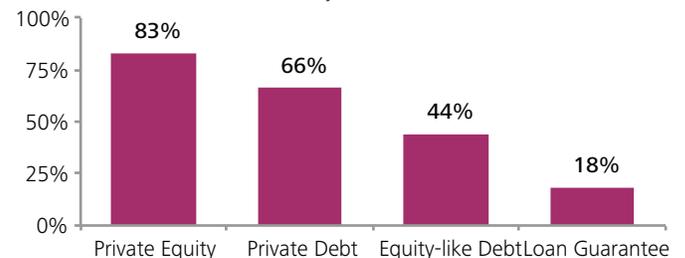
**Top 3 Reasons for Including Social Goals in Investment Portfolios<sup>13</sup>**  
(Survey of Asset Managers 2012)



Source: World Economic Forum

Client demand, in addition to social impact, helps to explain growth in impact investing.

**Instruments Used by Impact Investment Funds<sup>14</sup>**  
(Survey as of 2013)



Source: World Economic Forum

Impact investments are typically more complex than traditional ones, with the vast majority being private equity or private debt investments that can require additional investment expertise.



## How Others Are Responding

Promising approaches from the field

**Structural changes to invest for impact: The Greater Cincinnati Foundation** has structured itself to take advantage of impact investing opportunities, and to pass those opportunities along to donors. The Foundation has a new impact investment committee that screens opportunities at a high level and then works closely with its partner Imprint Capital to perform the formal due diligence. After the diligence is complete, the Foundation offers the opportunity to co-invest to donor-advised fund holders. To date, the Foundation has offered investments, including equity investment in local tech companies, working capital for minority-owned businesses, and mortgage buybacks to prevent foreclosures. The Foundation has also published an [article](#) and helped to develop [tools](#) to help other community foundations implement a similar approach.

*Takeaway for your organization: Because impact investments can be more complex than ordinary ones, consider building in a process, a committee, or outside expertise to move thoroughly but efficiently.*

**Join with others to invest for impact:** Canada's **Community Forward Fund** aggregates capital from across the country and uses it to provide loans to nonprofits. Modeled after the U.S. Nonprofit Finance Fund, the Fund offers bridge loans, term loans, and other financial services to Canadian nonprofits and has funded organizations ranging from art museums to child-care centers. Several community foundations were among the early investors, including the **Community Foundation of Ottawa, Hamilton Community Foundation, The Kitchener and Waterloo Community Foundation, and Niagara Community Foundation**. Not only were these organizations able to achieve significant impact in their own communities through their work with the Fund, but they were also able to help create a new national organization that advanced impact investment opportunities across Canada.

*Takeaway for your organization: Work with others to make impact investments, allowing for economies of scale by sharing the costs of finding, vetting, and managing investments. Consider working with groups on a state or regional level to kick-start your impact investing.*

# DEVOLUTION OF GOVERNMENT



“Devolution of government” refers to the phenomenon where certain programs and policies shift away from national government funding and toward more local or regional control. This shift often affects social programs and other discretionary budget items, since politicians have less influence over mandatory spending programs like entitlement programs and interest payments on the national debt, both of which will grow considerably over the next decade. However, over that same time period, discretionary spending — which includes core programs like education, infrastructure, and scientific research — is expected to shrink to levels not seen in 50 years when measured as a percentage of GDP.

As this trend plays out, foundations will face difficult situations and choices as governments retrench. Some funders are being asked to step in and replace funding streams that governments no longer provide. Others are being forced to adapt to a growing need in their areas, as residents turn to nonprofits for services that governments once provided or funded. But sometimes funders can take the shifts in government involvement as a chance to form new relationships with the public sector.

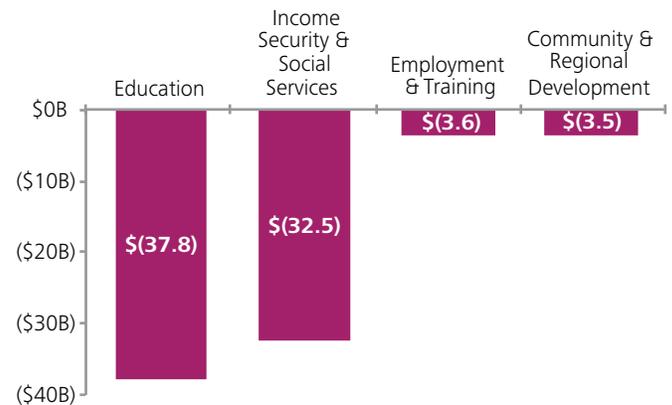
Federal Discretionary Spending as a % of GDP<sup>15</sup>  
(1973-2024)



Source: U.S. Congressional Budget Office

Over the next decade, federal discretionary spending as a percentage of GDP is expected to cross a 50-year low.

2013 Federal Funding Cuts to States (est)<sup>16</sup>



Source: The Rockefeller Foundation

In 2013 alone, states faced an \$85 billion cut in federal funding, with education and social services under the most stress.



## How Others Are Responding

Promising approaches from the field

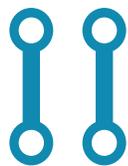
**Act decisively during a government crisis:** When the city of Detroit filed for bankruptcy, the **Community Foundation for Southeast Michigan** coordinated a response to help revitalize Detroit through a plan that would honor the city’s commitment to retirees and preserve an extraordinary community asset, the Detroit Institute of Arts. The Foundation brokered agreements with 11 foundations to raise \$366 million to support city pensions and to protect the Detroit Institute of Arts by transferring ownership from the city to a separate nonprofit. The Foundation worked with mediators, government officials, and other foundations and will house the contributions from the other foundations to be distributed to the city over a period of years. The funds will be used to help pay for the city’s pension shortfall, which the *New York Times* [reports](#) is the first time foundation funds have been used to shore up public pensions.

*Takeaway for your organization: If a similar crisis emerged in your community, would you intervene? Consider what areas would be appropriate for your foundation to pursue, which would be off limits, and what assurances or partnerships you’d need to have in place.*

**Pilot government programs until they prove viable:** The **Santa Fe Community Foundation** is helping a coalition in the city of Santa Fe, which has one of the highest per capita rates of injection drug use, pilot a new criminal justice and drug abuse program. The program, entitled Law Enforcement Assistance Diversion, will offer opioid users who would otherwise be arrested entrance into a long-term treatment program. The Foundation is assisting with convening cross-sector stakeholders to discuss the program. The Foundation designed a cost-benefit analysis to identify potential cost savings, which was used to attract significant public and private funding to pilot the project: The Foundation will function as the funding and finance hub for the coalition and, in addition to evaluating the cost effectiveness of the pilot project for the City, will bring public attention to this innovative solution.

*Takeaway for your organization: Consider ways that you can partner with the government to pilot new interventions that reduce public burden and create better social outcomes.*

# OTHER TRENDS TO WATCH



## Aligned action

Given that no single funder has resources that can match the scale of most of the problems that it seeks to address, foundations, nonprofits, and other social change agents are increasingly working together in new ways to effect change. In some cases, these collaborations can take the form of informal learning communities, where funders simply get smarter together and continue to fund independently; in other cases, collaborations are using more formal, cross-sectoral **collective impact** approaches to have an impact larger than that of any one organization acting alone.



## Political giving

Political spending through 501(c)4 organizations was \$3 million in the 2004 election cycle, \$83 million in 2008, and \$256 million in 2012.<sup>18</sup> Following the landmark *Citizens United v. Federal Election Commission* in 2010, which allowed for individuals to make unlimited and undisclosed political donations through vehicles like 501(c)4 organizations, look for wealthy donors to increasingly consider political strategies to effect social change. This new giving alternative will have important implications for the landscape of community fundraising in the coming years.



## Mini-foundations

Based on 2009 IRS data, two-thirds of all private foundations in the United States have endowments of less than \$1 million, with a median size of \$500,000.<sup>17</sup> As companies like Foundation Source (which now manages more than \$6 billion in assets) provide a one-stop-shop for start-up, back-office, and administrative services for foundations, look for the number of small private foundations to continue to grow.



## Social impact bonds (SiBs)

Started in the United Kingdom, SiBs raise money from initial investors to pay for social interventions often performed by nonprofits. If these interventions are successful, then governments repay the initial investors. In an economic environment where governments have less discretionary funds for social programs, SiBs allow responsible government agencies to only “pay for success,” another term used to describe this approach. But SiBs require a lot of work, including selecting nonprofits, distributing funds, and measuring impact, making community philanthropy organizations ideal collaborators.

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# IDEAS FOR TAKING ACTION



## A sampling of approaches to consider

### Lower intensity

- Interview a group of “friendly donors” to your community foundation. How many of them and their friends are giving through online crowdfunding platforms? What other philanthropy vehicles are they using? Have a conversation with these trusted donors about what they see as some of the big changes in philanthropy.
- Talk to your board about the landscape of community philanthropy in your area. What are your biggest partners and allies? Who are your biggest competitors for donors, and how are you responding? How could you work together with both partners and traditional competitors to achieve common goals, such as increasing local giving or addressing big regional priorities?
- Look at your local government agencies to try to understand which areas are most vulnerable for government spending cuts. Discuss with your board how your organization might respond.

### Medium intensity

- Join an existing funding collaborative focused on an issue of interest to your foundation, or meet with other local funders to intentionally coordinate grantmaking on an issue, either formally or informally.
- Make a program-related-investment that produces both social and financial returns. What investment or legal expertise would you need, and whom could you ask to help?

### High intensity

- The Geraldine R. Dodge Foundation [curates a Kickstarter page](#) to highlight art projects that seem promising. By leveraging their reputation and stamp of approval, the Foundation is able to encourage and direct more giving toward its favored projects. How could you adapt this idea? What would it look like to put local nonprofits up on a crowdfunding site like GlobalGiving to leverage additional funds for your grantees?
- Start the conversation to pilot a social impact bond in your community. How could you get donors, government, and nonprofit service providers on board to address a critical need in your community?
- Open up a local competition to crowdsource ideas for improving your community, use expert judges to vet the responses, and then use an open, online voting system to determine winners.

### Imagine: What if your organization...

- ...created a compelling offer to buy out small, private foundations? For instance, could you offer matched funding from your discretionary pool for the first year when they convert to a donor-advised fund?
- ...“accredited” local businesses that gave at least 1 percent to philanthropy?

What ideas come to mind for your organization?

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## Next steps

This document can lead to a wide range of additional follow-on activities, briefly described below:

- **Use the primer (or parts of the primer) with your board and/or staff as a discussion tool to stimulate new ideas.**
  - Share a relevant section of this document with your board or senior leaders as background for a larger discussion. Ask participants to think about how the trends are affecting your area, and then have them note the “ideas for action” that they think would have the most impact on your community. Facilitate a conversation about the trends, and discuss their favorite potential ideas for action, why they chose them, and whether the ideas would make sense for your organization.
- **Understand how these or other trends are affecting your local community.**
  - The primer is intended as a starting point for conversation. Use the fact sheets or sections of the document to get yourself up to speed on particular topics, and then dive deeper. Reach out to experts on the subject, either from your region or beyond, to learn more. Bring experts in to educate your board and staff. Work with city officials, universities, private foundations, local businesses, or other area experts to gather information about how trends will manifest in your local community. If you feel ready, open up the conversation to include a broader set of local stakeholders to talk about the trends (but make sure to manage expectations appropriately, so people aren’t confused about what will happen at the end of the discussion).
- **Use the primer as part of an ongoing board education process.**
  - Share a new section of the primer with your board at each board meeting over an extended period of time to build your trustees’ awareness of the changing context for your work. For each discussion, use the fact sheets as a conversation starter, and consider bringing in relevant external experts to enrich and localize the dialogue.
- **Create a living bulletin board about emerging trends in your community.**
  - Encourage your staff or board to create a virtual or physical space (e.g., a bulletin board) where people can post information about interesting trends that they think might affect your community in the coming years. Get people to look far and wide for possibilities. The clippings and contributions can be about local developments, or about broader regional, national, or global trends that may influence the trajectory of your community. Compile people’s contributions for a set period of time and then have a deliberate conversation to talk about what they are seeing. Try to embed processes for doing this type of ongoing scouting into your program and overall strategic planning processes, and use what you learn to inform your discussions and decision making.
- **Explore how the primer can be integrated with other *What’s Next for Community Philanthropy* resources.**
  - The *Shift Happens* primer can be used effectively with many of the other tools in the *What’s Next for Community Philanthropy* toolkit. For example:
    - Combine the contextual primer with the [Prioritizing Roles](#) exercise to prompt a conversation about how the changing community context could alter or influence the set of activities your organization chooses to undertake.
    - Use *Shift Happens* with the [Landscape Mapping](#) exercise to help you think about which local organizations may already be responding to the different trends that are affecting your community.
    - Adapt the [Flipping Orthodoxies](#) exercise to identify and confront some of the ingrained assumptions within your community and your organization about how you address the trends described in the primer.
    - Read the [Bright Spots](#) catalog to find more examples of innovative community philanthropy practices that may give you additional ideas about how to address some of the trends described in this document.
- **Use the trends as a starting point to help you generate and test new approaches that can help your community.**
  - If your board and/or staff show a particular interest in a specific trend, use that interest as the focal point for an “ideation” exercise to come up with creative new ways of addressing the trend. Bring together a diverse group to use the *What’s Next* [Generating New Ideas](#) design workshop to help you come up with new ideas about how you could take on the challenges and opportunities created by the trend. And once you generate promising new ideas and approaches, you can then use the [Prototyping Solutions](#) exercise to play out what an innovation might look like if you decided to implement it.

# Glossary

## Changing Faces in Our Communities: How the demographics of many communities are shifting

- **New Majority:** Less than half of the babies born in the United States today are white, and by 2043 less than half of the country will be, anticipated to be replaced by a “new majority” comprising people of color. What will this trend look like in your community, and what will it mean for your donors and grantees in the future?
- **Immigration:** The U.S. foreign-born population is the largest in history, and recent immigrants remit more than \$50 billion each year to their home countries. How can you help immigrants settle into their new homes yet remain connected to their old ones?
- **Millennials:** At 86 million strong, the millennial generation is the largest in U.S. history and is poised to challenge many conventions in the workplace and in philanthropy. What are some of the ways that you can prepare to engage this younger generation in philanthropy?
- **Baby Boomers:** As baby boomers retire, they can play even larger roles in the community, and in aggregate, they are expected to transfer \$30 trillion to their heirs or to charity. Are you ready to leverage this potential influx of financial and human resources to benefit your community?

## Emerging Technologies: How new technologies will alter society

- **Growing Connectedness:** Mobile devices will connect us in ways not yet imaginable and, already, 73 percent of all internet users (and 90 percent of 18- to 29-year-olds) use at least one social network. How can you harness this connective power to bring together your community?
- **Big Data:** About five exabytes of data were created between the dawn of civilization through 2003, but that much data is now created every two days. How can you use data to better serve your constituents, improve your organization’s operations, and meet donor needs?
- **Information Access and Sharing:** Digital media is revolutionizing how community residents access, understand, and share information. Where do your residents go for local information and how can you make sure they are able to connect with the information they need?

## Divided Communities: How communities remain fragmented along several different dimensions

- **Economic Inequality:** The wealthy now take home a larger share of the nation’s income than at any point since the Great Depression, and social mobility for those that earn less is relatively stagnant. How equal or unequal is your community, and who is addressing this division?
- **Social Capital:** Americans are lonelier and less trusting than they have been in the past. How are you and others in your community successfully connecting people and weaving social ties between diverse groups of residents?
- **Political Polarization:** Trust in the federal government is at record lows and most counties in the United States lean either strongly left or right. What are some ways that philanthropy can start to bridge some of these divides?

- **Race and Ethnicity:** People from different racial and ethnic backgrounds have dramatically different social outcomes on measures like poverty, education, and health. How can your organization better include and support people from all backgrounds?

## Future Economy: How economic prosperity will look in the future

- **Knowledge Economy:** The returns of higher education remain high, but many community residents still lack access to participate fully. What are the most promising approaches that you see to include more residents in the booming knowledge economy?
- **Globalization:** Total trade volume now represents 32 percent of U.S. GDP, more than triple the level from the 1960s. In your community, who has benefited from this increase and who hasn’t, and how can you connect the local community into the global economy?
- **Localism:** Small business loans have fallen by about \$100 billion since 2007 even as interest in local business groups has increased. What role can you play to foster local enterprises and promote local economic development?
- **Innovation and Entrepreneurship:** Collegiate courses on entrepreneurship have increased by a factor of 20 since the 1980s, while traditional funding sources for new ventures haven’t kept pace. Who is creating new business ideas in your community, and where do they get start-up capital?

## Environmental Uncertainty: How a changing natural environment will affect local communities

- **Climate Change:** If climate projections are even close to accurate, then the effects of climate change have the potential to overwhelm many communities’ existing agendas. Where is your community most vulnerable to the effects of climate change?
- **Disaster Efforts:** If natural disasters become more frequent, philanthropy may have little choice but to expand its role in short-term disaster relief and long-term recovery. What role would your organization play if a natural disaster were to strike your community in the near future?
- **Sustainability:** Whether it is related to cars, energy, food, or a number of other topics, there is a growing interest in environmental sustainability. How ready is your community to take advantage of new opportunities to incorporate sustainable approaches, products, and ideas?

## How Philanthropy Is Changing: How new ways of creating social impact are emerging

- **Unprecedented Donor Choice:** Today, donors can give through a multitude of vehicles within the nonprofit sector, and they can look beyond the sector entirely, using impact investment or political giving to effect social change in new ways. How well do you understand these trends in your community?
- **Power of the Crowd:** Online crowdfunding platforms will have raised \$5.1 billion in 2013, with an estimated \$1.1 billion going to social causes, while also connecting volunteers in both the physical and virtual worlds. How are online platforms changing traditional philanthropy in your area?
- **Responsible Business:** New business models like B Corps have gained popularity while traditional business owners believe that corporate social responsibility is growing more important. How do you connect with and promote responsible businesses in your community?
- **Impact Investing:** Investors are increasingly looking for ways to produce social impact along with financial gains, but these approaches often require additional expertise. What will impact investing likely mean for philanthropy in your area?
- **Devolution of Government:** As federal spending on core programs like education, infrastructure, and scientific research is stretched, state and local governments will be forced to play a larger role, often with fewer resources. What relationship should your organization have with local government?

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Monitor Institute is a social change consultancy that works with innovative leaders to surface and spread best practices in public problem solving and to pioneer next practices — breakthrough approaches for addressing social and environmental challenges. Monitor Institute marries a deep grounding in strategy, networks, social innovation, and human systems with the fundamentals of professional advisory services — effective project management, skilled facilitation and well-timed intervention. As a for-profit/for-benefit hybrid, Monitor Institute pursues social impact while operating as a fully integrated unit of Deloitte Consulting LLP, a subsidiary of Deloitte LLP. For more information about Monitor Institute, visit [www.monitorinstitute.com](http://www.monitorinstitute.com).

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