

## **A Statewide Philanthropy Initiative: Five Step Plan**

**Draft: 4-1-2003**

The United States is entering a period that has been called “The Golden Age of Philanthropy.” A Boston College study recently predicted that nearly 41 trillion dollars will transfer among generations in the U.S. during the next fifty years. Extrapolation of wealth and demographic data suggests that the bulk of the transfer in Iowa, and particularly rural Iowa, will occur considerably more quickly.

Much of this wealth is likely to be transferred to heirs who no longer live in the area or to philanthropic initiatives external to the local community. Most rural communities have not developed institutional and cultural mechanisms to encourage retention of financial capital vital to sustain a quality of life sufficient to maintain their population bases. The demographic conditions in rural Iowa have rapidly destabilized over the last 20 years indicating an urgent need to inject new resources into local communities or forfeit any hope of population stability and geographic diversity. Most notably:

- Nearly half of Iowa counties now experience more deaths than births. Only two Iowa counties suffered this demographic malady in 1980. Median age in many rural Iowa counties is rapidly surpassing 40 years of age, meaning births among the indigenous population will continue to decline at an increasing rate. Increased longevity is the only factor keeping most rural counties from losing population even more quickly.
- More than 50 percent of farm families rely on off-farm income. The decreased availability of off-farm jobs close to the land seriously jeopardizes the style of agriculture that has created and sustained a unique Iowa culture and set of values for over 150 years and further contributes to rural population declines.
- Outmigration patterns over the past generation suggest that much of our citizens’ wealth will not only leave the local area, but also will leave the state.

Yet among the roots of these demographic problems lie the seeds of community revitalization and reinvestment opportunity. The anticipated transfer of wealth in Iowa is a particularly noteworthy matter for a variety of reasons:

- Wealth transfer will occur sooner and more suddenly in rural Iowa than in the U.S. generally. U.S. Census data currently rank Iowa #2 in residents over 85 and #4 in residents over the age of 65. The inescapable conclusion, based on this data and studies already done on similar regions of Nebraska, is that the bulk of the rural Iowa wealth transfer will occur in the next 10-20 years.
- Iowa’s wealth transfer will be much more dominated by the transfer of agricultural land and commercial real estate than in other states. Local community liquidity and vitality in rural areas has a much bigger stake in the outcomes as this transfer occurs than more urban states.
- While several rural Iowa communities and regions have aggressive local foundation efforts in place, most do not. A preliminary census reveals that fewer than 30 locally based community foundations exist in rural Iowa. When compared to other states, broad, robust strategies to educate and encourage philanthropic initiatives have not developed.
- According to the Urban Institute's National Center for Charitable Statistics, Iowa currently ranks 43rd in the nation in regards to charitable giving as itemized on federal income tax returns. This is a statistic we think can be greatly improved through elements of this proposal.

Iowa must mobilize policy leaders and community leaders quickly to put in place strategies to address the opportunities at hand.

The Community Vitality Center board voted to allocate \$50,000 in the current year to an Iowa Community Foundation Initiative. The initial CVC role will be to serve as a convener of organizations with the interests, expertise and resources to rapidly create an environment to unleash Iowa's philanthropic potential.

CVC's goal is to bring together the energy, talents, resources and high-profile reputations of several institutions into a single, coordinated effort beyond what any institution could do on its own. The intent is to involve the public and private sectors to take advantage of the strengths and capabilities of both.

The starting point is a remarkably successful initiative developed in Nebraska which has been a major factor in raising Nebraska's national ranking in average itemized charitable contributions per income tax return from 29th to 18th between 1996 and 2000. Iowa's ranking for the same period declined from 41st to 42nd according to the Urban Institute's National Center for Charitable Statistics.

Following is a draft 5-step plan envisioning the utilization of the organizational resources currently known to the CVC and the creation of a donated Legacy Fund of approximately \$500,000.

## **Community Vitality Center: Discussion Draft**

### **A Five Step Philanthropy Plan**

#### **Step One: Understanding Iowa's Philanthropic Opportunities.**

Research - The CVC philanthropy plan begins with research intended to document and describe the tremendous opportunities associated with philanthropy in Iowa. Economists, demographers and philanthropic experts will be engaged to conduct Iowa-specific research. This research will examine wealth transfer in Iowa on county-by-county basis. It will provide each county in the state with benchmarks, best practices and appropriate goals. It will also provide statewide data to aid in a broader statewide awareness effort regarding existing nonprofit foundations in Iowa and best practices from other states. The CVC board has authorized up to \$20,000 to complete this work as quickly as possible with an anticipated completion date of fall, 2003.

#### **Step Two: Organizing a Statewide Community Foundation / Steering Group**

Organization - Several of Iowa's neighboring states have successfully organized and put in place a statewide community foundation system. This new effort is not intended to replace any existing local foundations already in existence and functioning well. It is also important to note that all decisions regarding investment strategies and use of endowed funds will remain at the local foundation level. This statewide system will be an infrastructure available to communities wishing to take advantage of the Iowa Community Foundation efficiencies and expertise. In the Nebraska experience, this model greatly reduced the administrative burden and requirements that come when communities or other organizations each develop their own distinct foundations. It is also a timesaving device that allows communities to focus on fundraising and local project decisions rather than administration. The CVC is committed to helping organize and put in place an Iowa Community Foundation with a Steering Group--which includes appropriate private-public sector entities to lead the various steps envisioned in this initiative. The CVC Board suggests the remaining \$30,000 of its first year commitment be devoted to implementing this effort.

The Iowa Community Foundation Initiative Steering Group is envisioned to make the initial decisions necessary to accomplish the various steps outlined for this project. A variety of groups potentially bring expertise, networks, and resources to this statewide initiative. The Iowa Area

Development group has provided much of the initial leadership for the rationale of this concept. The University of Iowa Nonprofit Resource Center possesses information and specialized expertise. The CVC is interested in serving as a catalyst in moving the initiative forward. Existing networks and/or creation of new networks of community and university foundations, and local and regional organizations potentially have resources and expertise to contribute to this initiative. The Iowa Area Development Group, ISU Extension, UNI Institute for Decision-Making, University of Iowa Institute for Public Affairs, and a host of statewide agencies and interest groups possess relationships with local community and economic development leaders who are among the potential local spark plugs for this statewide initiative. During the initial steps of the Iowa Community Foundation Initiative, the Steering Group will identify and assign appropriate functions and leadership, expertise, and capacity for each function. Expertise at the University of Iowa and its Non-profit Resource Center may be particularly helpful in this step.

### **Step Three: Community Level Philanthropic Education**

Education - A variety of philanthropic topics and special audiences need to be addressed throughout Iowa. Rural counties and communities will be a special focus of Iowa Community Foundation Initiative outreach and educational efforts. A variety of marketing materials, presentations and learning tools will be developed to help Iowa communities develop and implement community-specific philanthropy plans. The CVC seeks to assist the Iowa Community Foundation Steering Group in identifying approaches for targeting educational materials to the appropriate target audiences in communities and to connect them with appropriate networks of expertise. The Iowa Area Development Group is potentially uniquely qualified to lead this step in collaboration with ISU Extension, UNI-Institute for Decision-Making, and IU Nonprofit Resource Center and Institute for Public Affairs and other private and public sector groups.

### **Step Four: Mobilizing for Philanthropic Action**

Outreach - Armed with Iowa-specific research and cutting-edge ideas, the CVC seeks to assist the Iowa Community Foundation Steering Group in initiating and leading statewide discussions and policy forums in local communities and regional multi-county areas focusing on philanthropic ideas and action steps that may be of interest for the target audience. These discussions will be aimed at mobilizing local policy makers and community leaders. At least one major annual event will be aimed at bringing together and uniting all philanthropic organizations and their leaders. A private-public sector collaborative is required to accomplish this step. The Iowa Area Development Group is potentially uniquely qualified to lead this step and the collaborators may appropriately include ISU Extension, UNI-Institute for Decision-Making, and IU Nonprofit Resource Center and Institute for Public Affairs, and other private and public sector groups and organizations.

### **Step Five: Developing Philanthropic Success Stories**

Pilot Projects - The previous steps in the CVC "Five Step Philanthropy Plan" have focused on research, organization, outreach, and education. This fifth step focuses on creating success stories through pilot projects. Because nothing creates interest and enthusiasm more than success, the CVC wants to help foster a number of models for philanthropic accomplishment. With this in mind, the CVC envisions that at least \$250,000 of a \$500,000 Legacy Fund will be available for matching grants at the local level. In this manner, the Foundation Initiative will be demonstrated and encouraged through community implementation efforts. Participating communities will need to match CVC resources to begin leveraging the resources of the Legacy Fund.