



**JOHNSON**

CONTINUED FROM PAGE 10

eral and state levels of government, have played in exacerbating poverty and inequality in America.

First, there is strong evidence that the federal government's efforts to create a deregulated business environment, in order to facilitate the competitiveness of U.S. firms in the global marketplace, has drastically altered the structure of economic opportunity in American society. This shift toward a deregulated business environment is partially responsible for the wholesale exodus of manufacturing employment from central city communities on the one hand, and the emergence of new industrial spaces in the suburbs, exurbs, and non-metropolitan areas, as well as the movement of manufacturing activities to Third World countries, on the other. Research indicates that the new industrial spaces emerging in the U.S. are usually in places where there are few minorities in the local labor market and few minorities within reasonable commuting distance.

Second, the federal government's dismantling of the social safety net in poor urban communities through massive cuts in federal aid to cities has also exacerbated the problems of poverty and the underclass.

Third, the poor have been disproportionately affected by the implementation of conservative anti-crime policies at both the federal and state levels.

Fourth, poor youth have been adversely affected by educational initiatives that were enacted at the state level during the late 1970s and the early 1980s to address the so-called "crisis in American education."

Undergirding most of the currently debated policy prescriptions is the notion that we can bring the poor into the mainstream of American society if we enhance their acceptance of personal responsibility and improve their personal values.

Poor people, individually and through their community, civic and religious institutions, have a responsibility to promote positive values and lifestyles in their communities and to socialize their youth into the mainstream. But they cannot do it alone.

They cannot be held accountable for massive plant closings, disinvestments, and exportation of jobs from our urban centers to Third World countries. There must be an equality of status in responsibility and authority across race and class lines if we are to resolve the poverty problem.

Government, in a bipartisan fashion, must direct its resources to those programs determined to be successful with poor people, the poor must be permitted to participate in the design of programs for their benefit, and society at all levels must embrace personal responsibility and a commitment to gender and race equality. To effectively deal with the poverty problem, it is imperative, in our view, that we adopt the following strategies.

First, and foremost, we - all of us - must embrace the view that poverty and inequality are bad for business.

Second, in our efforts to address the issues of concentrated and persistent poverty, we must not place all of our economic development eggs in the microenterprise basket, which seems to be the "in-vogue" economic development strategy of the moment. Microenterprise, alone, will neither revitalize our concentrated and persistently poor communities nor narrow the economic gap between the "haves" and "have nots." The primary emphasis in economic development, we believe, must be macroenterprise - pursuing major job generators.

Without such anchors, or sets of anchors, the retail and service establishments that seemingly dominate the economic landscape of persistently poor communities are likely to remain marginal enterprise. With a stable supply of well-paying jobs, such establishments are more likely to thrive since workers will have discretionary income to purchase both basic and non-basic goods and services.

Third, and equally as important as the need the major job generators in communities plagued by concentrated and persistent poverty, the recruitment and training of workers must be linked directly to specific job opportunities. Research shows that generic education and training programs - those not connected to a specific job - have not worked in the past for poor people of color, and they are unlikely to work in the future.

Customized training programs, on the other hand, have proven to be highly effective economic development tools, especially when they are offered at no cost to prospective employers as part of an incentive package.

Fourth, if we are to successfully deal with the nation's poverty programs, the foregoing economic development strategies must not be pursued in isolation. Rather, they must be undertaken in conjunction with efforts to mend the social fabric of economically distressed communities. Midnight Basketball Leagues are one example of a new generation of social resource programs designed to enhance the social fabric of inner city communities.

Finally, all of the nation's assets, including the resources of government, community-based organizations, the business sector, the philanthropic community, and especially our colleges and universities, must be mobilized if we are to deal effectively with the poverty problem in the U.S.

What is the most effective and efficient way to go about doing this? It will take cooperation, collaboration, coordination and capital. The philanthropic and corporate communities are most strategically positioned to mobilize the requisite financial resources. And our system of colleges and universities - one of the nation's most under-utilized resources - is best suited to establish the necessary institutional linkages.

There are outstanding scholars in our system of higher education who, with the proper incentives and direction from the philanthropic and corporate communities, are capable of designing a cooperative, collaborative, and coordinated strategy that draws upon and fully utilizes the complete range of the nation's assets to deal with the seemingly intractable problems that currently plague economically distressed communities.

What is needed at this point is a bipartisan group of legislators who, like Michael Jordan in the final seconds when the game is on the line, is willing to take the final shot to score a victory for our nation. Our future competitiveness in the global marketplace hinges on such bipartisanship across the broad ideological spectrum.

**FLEISHMAN**

CONTINUED FROM PAGE 10

lesser quality than those in the for-profit sector. The not-for-profit sector doesn't have the profit measure of effectiveness and efficiency of the for-profit sector, which makes it all the more important that it pay even closer attention to performance measures. Most not-for-profit organizations have a dismal record of multi-year strategic program development, multi-year forward-financial planning, and intensive board involvement.

There are steps that others should take as well.

The Internal Revenue Service should revise the 990 forms to require more detailed information from the filing organizations. In that revision, the IRS and state attorneys general should cooperate to create a single form that can be filed everywhere, with uniform filing dates. The current system of different forms, different information, and different filing dates itself contributes to discourage accountability.

The 990 forms should be fileable electronically. Either the IRS or a not-for-profit sector organization should put the 990s on-line, and encourage journalists and the public to use them.

The not-for-profit sector, through the umbrella organizations such as Independent Sector, should mount a public information campaign—something like "Support Your Honest Charities: Call 800-CHARITY to report any solicitations you suspect as fraudulent or to obtain information on any charitable organization."

Nonprofit coordinating committees in states and localities should move beyond their present roles to take on the task of inviting citizen complaints or suspicions about the activities of not-for-profit organizations, and establishing 800 numbers that citizens can call in order to report suspicious solicitations or suspected malfeasance.

What is needed in addition is more energetic outreach by those organizations that, after reviewing the affairs of a charity, give a "good housekeeping" seal of approval on which the public can be justified in relying, similar to the Underwriters Laboratory for electrical products. If the not-for-profit sector would get behind such a seal and publicize it widely, I believe that we could add 20 percent or more to the amount

Americans give to charity, and simultaneously divert from fraudulent organizations to legitimate charity a comparable amount.

No amount of government supervision will succeed in preventing fraud entirely. We need other investigatory and triggering mechanisms to invoke the attention and power of the IRS and state governments.

We need a national, even international, center with a database of information including assessment of the performance of not-for-profits and evaluations of comparable foundation grants, and an 800 number as well. Organizations that already do accountability monitoring today should put their reports on-line and publicize their availability to the press and public. Perhaps the not-for-profit sector needs a new organization with a "Consumer Reports" research staff that investigates suspicious charities or complaints of malfeasance, and that performs assessments of not-for-profit sector organizations.

The foundation community itself should invest a tiny fraction of its giving to establish such an Underwriters' Laboratory and Consumers Union for the charitable sector, complete with assessments and monitoring capacity, electronic databases, and public and press outreach.

I believe that, if there were more effective management of not-for-profit organizations, more detailed and meaningful reporting of expenditures, and more widespread availability of that information to the public both on-line and in written form, the market of giving itself - the press, the public agencies that grant funds to not-for-profit organizations, the foundations, and individual donors - will work to produce reallocations of funds more consonant with the proper objectives of not-for-profit organizations.

All these initiatives are designed to put the not-for-profit sector itself out in front of the campaign to increase the level of accountability in the public consciousness. Nothing is more timely and nothing is more essential for the continued thriving of one of America's greatest creations. The voluntary sector is the heart of what America is all about at its best.

**CHANGE**

CONTINUED FROM PAGE 10

of how unpleasant the unvarnished truth may sound.

Nonprofits shoulder the tough jobs in our communities and receive precious little recognition for it. Given the hard reality that they are being asked to do more with less - and must do so in a climate of deep skepticism about their integrity - nonprofits must make every effort to fully inform the people they depend on for support.

The ability of nonprofits to fulfill the central role they play in our communities depends on the trust of the individuals who contribute time and money to keeping the nonprofit sector alive and well. Full and forthright disclosure of the facts about what they do - the good news and the bad - will help strengthen the public support that nonprofits enjoy in our state.

*Todd Cohen*

The Philanthropy Journal of North Carolina now is available on the World Wide Web, direct your access to <http://www.nanda.net> and look for "Philanthropy Journal."

**The News and Observer Foundation**

BOARD OF DIRECTORS  
FRANK DANIELS JR. PATRICIA WORONOFF  
MEL FINCH JR.

**Philanthropy Journal of North Carolina**

BOARD OF ADVISERS

- |                        |                    |
|------------------------|--------------------|
| Joyce Adger            | Elizabeth Fentress |
| Kelly Alexander Jr.    | Joyce Fitzpatrick  |
| Barbara Allen          | Barbara Freedman   |
| Corinne Allen          | James Goodman      |
| William Anlyan Jr.     | Marilyn Hartman    |
| George Autry           | Nat Irvin          |
| John Bell              | Jane Kendall       |
| David Benevides        | Thomas Lambeth     |
| Philip Blumenthal      | Elizabeth Locke    |
| William Bondurant      | Michael Marsicano  |
| Kenneth Brown          | Todd Miller        |
| Robert Bush            | Mary Mountcastle   |
| Henry Carter           | John Niblock       |
| Julius Chambers        | Jane Patterson     |
| Ray Cope               | Michael Rose       |
| Julia Daniels          | Shannon St. John   |
| Gayle Dorman           | Charles Sanders    |
| John Dornan            | Donald Sanders     |
| Ronald Drago           | Mary D.B.T. Semans |
| Wentworth Durgin       | Patricia Smith     |
| Martin Eakes           | Sherwood Smith     |
| Blucher Ehringhaus III | William Spencer    |
| Meredith Emmett        | Smedes York        |