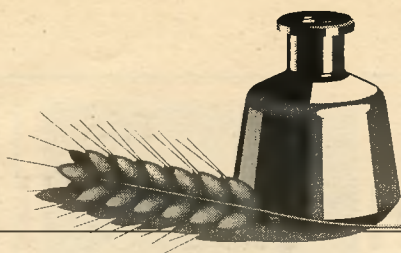


Opinion



Nonprofit challenge

Philanthropy must overcome petty politics

The nonprofit sector is becoming a powerful force in America. At a time when many Americans have become cynical about government and business, volunteers and professionals working in the nonprofit sector are doing the hard and unsung work of building our communities.

In the process, these nonprofit workers also are building a community of their own - a philanthropic community whose mission is neither to amass political power nor to enrich shareholders.

But even as its numbers and dollars make the nonprofit sector increasingly powerful, it faces big challenges. Those range from the

EDITORIAL

need for individuals working in the sector to acquire basic management skills to the need for the sector itself to develop the support systems that will strengthen the individuals and organizations that make up its ranks.

North Carolina is well on its way to meeting those challenges. Numerous support systems have been developed in the state to strengthen individual organizations, as well as the sector overall. And nonprofits are learning to work in partnership with one another and with government and business.

But an even bigger challenge remains, and it's not one that people like to talk about. The nonprofit sector is not immune to the same type of petty politics that characterize endeavors in the public and commercial sectors. Despite the best of intentions, an organization quickly can find that rather than fulfilling its mission, it has succumbed to an appetite for turf and control.

People who preach "diversity" and "empowerment" sometimes seek to torpedo efforts by groups they see as competitors. People who set themselves up as advocates for "openness" and "inclusion" sometimes avoid public scrutiny and exclude rather than embrace potential

partners.

It would be naive to suggest that politics - the interplay of people and organizations - does not have an important role in the nonprofit sector. The genius of democracy, after all, is the ability of people to sort out their differences for the common good.

Nonprofit leaders must in fact be willing to speak out - and to disagree with one another, if necessary - on important social issues.

But they also must be brave enough to sacrifice the dominance of their own organizations for the improvement of their communities and the strengthening of the larger community of philanthropy.

A powerful link

Self-help credit union boosts home ownership

Thomas Avant was understandably excited when he shook President Clinton's hand at the signing of the Community Development Financial Institutions Act this past September.

He told me that it was almost as wonderful as the day he and his wife got a home loan from the Self-Help Credit Union. For 18 months, the Avants and their five children commuted 120 miles round-trip to their jobs and schools. Unable to get a loan from conventional financial institutions, Mr. Avant said the stress was beginning to fray the family's strength.

Now that the family has a new home close to his workplace, the pressure of those hours on the road are gone. He also owns an asset that will continue to support his family over time - a new home.

When Self-Help started in 1980, our work focused on building wealth and ownership in poor communities primarily through business development, especially employee-owned businesses. We soon realized that people who did not have assets, such as savings or home equity, usually did not have the capital to invest in business enterprises. This led us to understand the powerful link between home ownership and wealth.

Martin Eakes is executive director and chief executive officer of the Center for Community Self-Help in Durham.

As Thomas Avant's home equity grows, he will be able to finance his children's education or a business venture, or simply to weather hard times.

Such wealth creation is especially important in the minority community. Even though African-American families earn about 70 cents for every dollar a white family does, on average their net wealth is only 10 percent of that of a white family.

An important feature of development banks and community development credit unions like Self-Help is to demonstrate to traditional financial institutions that low-wealth individuals are credit-worthy borrowers.

Self-Help is the nation's first statewide development "bank" with branches in Asheville, Charlotte, Durham, Greensboro and Greenville. It is one of a few national institutions used by Congress as models for the new Community Development Financial Institutions Act, which President Clinton recently signed into law.

Self-Help's members have had great success. Our assets have grown from only \$77 to almost \$77 million. We've made over 630 home loans to first-time home buyers totaling over \$29 million - the majority to African-American households.

To further our goal of increasing ownership for women, minority and rural residents, we also lend

Look for EAKES, page 11



MARTIN EAKES

A trillion-dollar certainty

Transfer of wealth will change charity

There is at least one certainty beyond taxes and death. The years immediately ahead will see a change in the control of an enormous amount of American wealth. Unquestionably, large dollars are at stake - Americans are among the richest people in recorded history. And, not incidentally, among the most generous.

In fact, the certainty of taxes and death assures the certainty of this transfer. While it is quite difficult to know precisely the size of the transfer, two Cornell University economists, Robert Avery and Michael Rendall, estimate that over the next 25 years, \$10.4 trillion of net worth will flow from one generation to the next.

Ten trillion. That's an amount nearly twice the gross national product and more than fifty times the total of U.S. private savings.

It may be less. But it will be enormous. And that is just the more visible tip of the iceberg, because the transfer is absolutely bound to involve a lot more than the movement of dollars. It will also encompass an accumulated wealth of values and learned behavior of

William L. Bondurant is retired executive director of the Mary Reynolds Babcock Foundation, a consultant to foundations and is chief operating officer of Bioxy Inc. in Raleigh.

understanding, tolerance and compassion. And perhaps, hidden in the fine print, meanness, bigotry and anger.

How much of the transfer will be invested philanthropically? That is yet to be seen, but there are indicators that suggest favorable patterns.

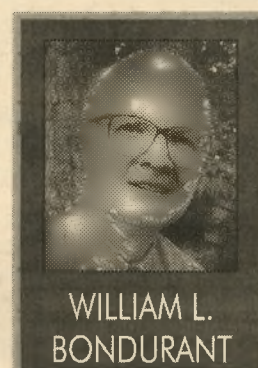
First, there is the tradition of sharing; Americans are second only to Canadians in per capita giving to charity.

Next, the Reagan years widened a trend of the accumulation of larger wealth into relatively fewer hands, and those with high net worths are likely to continue to be the most generous philanthropic givers. It also is true that lower-income Americans generally will donate a higher percentage of any increase in their incomes.

Third, the options for giving - a broad spectrum of needs and causes - are growing in number, sophistication and public consciousness, inversely paralleling decreased public confidence in governmental interventions. Where else can surplus wealth be better invested to achieve the social goals which are the very missions of nonprofit

Will a new generation brought up with TV as their parent, nightly violence on the screen as their texts and crowded classrooms as their sitters, have the role models, desire or experience to make wise philanthropic allocations of the dollars descending upon them?

Look for BONDURANT page 11



WILLIAM L. BONDURANT

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EDITOR AND PUBLISHER

TODD COHEN — (919) 829-8989

MARKETING AND DEVELOPMENT DIRECTOR

MARGUERITE LEBLANC — (919) 829-8991

REPORTERS

BARBARA SOLOW — (919) 829-8921

SUSAN GRAY — (919) 829-8917

EALENA CALLENDER — (919) 836-2882

SUBSCRIPTIONS

SIDNEY CRUZE — (919) 836-2876

INTERNS

KATE FOSTER — (919) 836-2877

DESIGN AND PAGINATION

BOB NOWELL - (919) 829-8988

Hunt administration can be better partner

ABOUT CHANGE

50 or so advocacy and policy groups based in Raleigh that are members of the North Carolina Center for Nonprofits.

Rich and well-organized as it is, our nonprofit sector faces major challenges in finding the most efficient and effective ways to use its resources to improve life in our state. If Hunt truly wants to help, he can do more.

He might, for example, convene forums to help identify the needs and interests of all our nonprofits - not just those Raleigh-based advocacy groups with which he seems to be most familiar and comfortable. He also could see that state government's liaisons to the nonprofit sector be true liaisons - reaching out to nonprofits and being available when nonprofits reach out to them.

Hunt also could look for state funds to invest in helping to build the capacity of nonprofits as they struggle to become more business-like in their operations and fundraising. The state invests money from employee pen-

Gov. Jim Hunt took office last year and promptly convened a nonprofit summit at which he promised to work in partnership with the nonprofit sector.

While he's followed through with some big initiatives, Hunt has a long way to go before he truly practices the partnership he preaches.

Three major Hunt initiatives - Smart Start, Save Our Schools and Family Resource Centers - each provides significant state dollars for programs that hinge in varying degrees on partnerships with nonprofits.

But beyond those initiatives, Hunt's partnership is more lip service than action. Liaisons appointed by the Hunt administration to work with nonprofits can be tough to reach - and too preoccupied with government business to keep abreast of nonprofit issues. That may be the result of the administration's well-intentioned decision to pick high-level officials as liaisons: While they have clout, they also have little time to spare.

And a recent legislative briefing for nonprofits, billed by Hunt as a follow-up to last year's summit, included representatives of only

sion funds in venture capital firms. Why not invest in nonprofits, our social entrepreneurs?

The School of Social Work at UNC-Chapel Hill plans to create a program to support the state's nonprofit sector. Financial support for that public effort to strengthen the sector would be in keeping with Hunt's promises to be a partner to nonprofits.

A possible source of funds would be the budgets of those state commissions that oversee matters such as aging and women and in effect duplicate the work of existing nonprofit policy and advocacy groups.

Nonprofits play a central role in the life of our communities. Critical to their survival is the work of thousands of volunteers and professionals, as well as the hundreds of millions of dollars that Tar Heel foundations and corporations invest in nonprofits each year. Hunt is on the right track in realizing the sector is important. Now he just needs to put some resources where the rhetoric is.

Todd Cohen