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While the terms "philanthropy" and "*tzedakah*" are sometimes used interchangeably, this issue of *Sh'ma* focuses a sharp lens on distinguishing one concept from the other. Larry Moses outlines the ways in which *tzedakah* is an obligation rooted in a basic tenet of doing justice and addressing the needs of the poor. Several writers respond to his essay and explore whether philanthropic giving should be seen as broader and more discretionary. Has the emergence of philanthropy — especially as a portal into Jewish life — created a "gentrified" *tzedakah* that focuses charitable giving in ways that are not benefitting those in need of such essentials as shelter, food, and warmth?

The last decades have witnessed an explosion of innovative programs and services that have drawn new funders into the practice of serious Jewish giving. This month's Roundtable, as well as the conversation between Toby Rubin and William Foster, explore how sustainable and scalable such projects are. Daniel Nevins and Don Abramson suggest that we, as Jews, ought to embrace a certain "standard of giving" — similar to that of biblical tithing.

Does the practice of giving build character? Does it sensitize us to weigh our own needs while holding in front of our eyes the needs of others? Many philanthropists comment on the transformative nature of giving. We hope this issue will help to redefine the communal conversation about *tzedakah* and philanthropy.

—Susan Berrin, Editor-in-Chief

Rebranding *Tzedakah:*
From Charity to Sacred Spending

DANIEL S. NEVINS

The third paragraph of *birkat hamazon*, the prayer after eating, presents an odd conflation of concerns. Opening with a petition for divine mercy toward Israel, its people, capital, temple, and monarchy, the prayer veers into an anxious plea to escape material dependence on other mortals: "Do not make us dependent upon the gifts of people, nor on their loans, but only on Your full, bountiful, and capacious hand, that we not be ashamed or humiliated forever." Without even the slightest bridging attempt, the prayer then returns to its initial theme, asking that God rebuild the holy city of Jerusalem speedily in our day. What is the middle passage about financial insecurity doing in a prayer about Jerusalem?

It is unclear when this section was added. It is not mentioned in the Talmud's brief discussion of the origins of *birkat hamazon* (*Brakhot* 48b) and it appears for the first time in the medieval *Mahzor Vitri* (83). But this passage's anxiety about economic dependence on others is consistent with earlier rabbinic themes. Historian Seth Schwartz argues in *Were the Jews a Mediterranean Society?* that the rabbis created a countercultural ideal in rejecting Roman practices of patronage, honor, and gift-giving (in the Greek, '*euergia*'). Rather, they held up the Torah's ideal of dependence on God alone, and viewed poverty relief as a divine commandment (mitzvah), not as a social favor for which one was owed gratitude.

Part of our failure is cultural. We have internalized Western concepts of individual agency and patronage, wherever they lead, and largely abandoned the Jewish ideal of obligation.

Jewish reality, however, was and has remained that *tzedakah* is more commonly viewed as a voluntary act of generosity and kindness for which one is due gratitude and honor. The ancient rabbis had to accommodate this internalization of "Mediterranean" values within the Jewish community while still offering symbolic

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resistance. Perhaps this can explain the interpolation of the theme of economic independence in the prayer for Jerusalem. Redemption will be signaled not only by the reconstruction of the Temple in Jerusalem, but also by the reordering of society such that no person will be dependent upon the gifts and loans of another, but only upon God's bountiful hand.

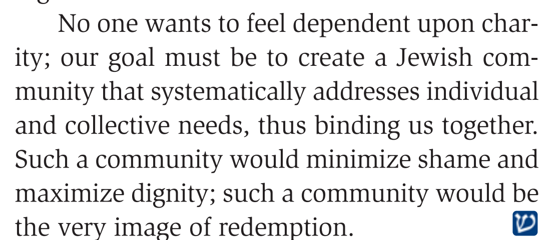
Tzedakah today exists in a fallen state much more akin to "charity" than to the obligatory actions of righteousness idealized in rabbinic sources. We have created a philanthropic culture that lavishes honor upon donors who have the "vision to invest" in chosen initiatives. Meanwhile, ordinary communal needs such as poverty relief, elder care, and subsidized Jewish education suffer from benign neglect.

Part of our failure is cultural. We have internalized Western concepts of individual agency and patronage, wherever they lead, and largely abandoned the Jewish ideal of obligation. But other aspects of the failure are our inability to develop a coherent sense of priorities in Jewish spending and our graduated expectations of giving based upon financial capacity. Even as they seek to accommodate the demands of "donor relations," Jewish professionals should define and project a countercultural ideal of *tzedakah* not as charity, but as the responsible and righteous use of resources.

One way to do this is to reclaim ancient categories that align with a broad set of Jewish obligations. This is not a list of charities, but of sacred spending that is mandatory for a religious Jew.

- *Peah, shikhecha v'leket* — emergency food relief for the local, regional, and global poor. This is a mitzvah that the rabbis say has no limit, yet they advise that at least 1.5 percent to 2.5 percent of income from field crops be surrendered to the poor. So, too, should contemporary wage earners give a tangible amount to support the hungry and vulnerable in their community and around the world. From the behavior of Boaz toward the Moabite woman Ruth, we see that such gifts are not limited to the Jewish poor.
- *Terumah u'ma'aser* — a tithe (10 percent) for religious services. In ancient times, this supported the landless priests and Levites who ran the Temple, taught Torah, and represented the community. Today, we could apply these funds to the religious organizations needed by the Jewish community: synagogues, day schools, seminaries, and summer camps, which sustain and deepen Jewish identity.
- *Ma'aser Sheni* — a second tithe amounting to 9 percent, most of which was reserved for a family pilgrimage fund, while the rest was distributed to the local poor. In our day, such money could be allocated to a family's own ritual expenses (sukkah, seder, Israel travel, synagogue dues, etc.) and to increase donations to ameliorate the poverty of elderly, ill, disabled, and isolated individuals.
- *Machazit Ha-Shekel* — a final flat poll tax whose purpose is truly communal in that it supports central welfare organizations that serve the entire Jewish people.

It is possible to create a *tzedakah* spreadsheet akin to the Internal Revenue Service's Form 1040 — an attempt is already in progress — but the goal should not be to create a mechanistic approach to giving. People with greater resources can usually afford to spend a higher percentage of income on such sacred causes. Yet every family should use these categories to identify its Jewish obligations — to fund poverty relief, religious services, communal structures, and their own Jewish experiences. Families with school-age children may need to allocate more to Jewish education, but even they must dedicate funds to poverty relief. Families without dependent children should not exempt themselves from supporting Jewish education, even if their philanthropic interests lie elsewhere. Donors who are secular should be encouraged to spend time and money enriching their own Jewish lives.



No one wants to feel dependent upon charity; our goal must be to create a Jewish community that systematically addresses individual and collective needs, thus binding us together. Such a community would minimize shame and maximize dignity; such a community would be the very image of redemption.

Rabbi **Daniel S. Nevins** is the Pearl Resnick Dean of The Rabbinical School and dean of the Division of Religious Leadership at the Jewish Theological Seminary.

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Tzedakah and Philanthropy:
Rethinking American Jewish Giving

LARRY S. MOSES

In contemporary human rights studies, a distinction is often made between the "cosmopolitan" and "communitarian" frameworks. The former places a premium on responding to the immediacy of suffering wherever it occurs, and the latter focuses upon the systemic changes needed to eradicate such suffering. This tension might be thought of as the difference between the emergency room and the research department of a medical center. One stops the bleeding; the other strives to cure the disease.

This spectrum of activism may be a useful prism for looking at the fundamental differences between *tzedakah* in its classical formulation and Jewish philanthropy as it has emerged in American life.

Tzedakah, derived from the biblical mandate, "*Tzedek*, *tzedek*, *tirdof*" ("Justice, justice, you shall pursue"), literally means "righteousness" or "justice." It constitutes an incumbent obligation. Situated squarely in the realm of being commanded, *tzedakah* is an act the donor has a duty to perform and the recipient has a right to receive.

The rabbis defined *tzedakah* in painstaking detail. Generally, *tzedakah* is directed to the poor, the hungry, and others who cannot meet their basic human needs. The prime consideration in giving *tzedakah* is to uphold the dignity and self-esteem of the recipient, and the priorities for giving are ordered in concentric circles, starting from the most personal and proximate. The highest giving priority is to tend to one's immediate family, then to one's extended family, one's community, other communities, one's country, and the world. Tradition stipulates that giving 10 percent of one's income "minimally" fulfills the command to perform acts of *tzedakah*; 20 percent is better. All are commanded to give, even those who are supported by *tzedakah* themselves. Maimonides, the foremost medieval Jewish philosopher, posed the idea of eight rungs on the ladder of *tzedakah* — from giving grudgingly, the lowest rung; to lending a person funds, a higher rung; to teaching a person how to be self-sufficient, the highest rung. But even if one performs acts of *tzedakah* grudgingly, one is nevertheless obligated to give. As the late Yale University legal scholar Robert M. Cover taught, giving out of a sense of obligation, as opposed to voluntary giving, is "the closest thing there is to a Jewish definition of completion as a person…" Of course, the two are not mutually exclusive.

The Babylonian Talmud teaches that non-Jews are also to benefit from *tzedakah* "for the sake of the paths of peace." (Gittin 61a) The esteemed Orthodox Torah scholar Rabbi Joseph B. Soloveitchik framed the tension between giving to Jews and non-Jews as follows: "We believe we are the bearers of a double charismatic load, that of the dignity of man, and that of the sanctity of the covenantal community."

The ancient Greek word "philanthropy" means "the love of humankind." It typically describes a voluntary or private act to achieve a public good. American philanthropy took root in the late 19th century and, increasing regulation notwithstanding, its independent foundations remain fundamentally non-democratic; they are usually chartered for the sole purpose of carrying out the personal philanthropic goals of the donor.

The hallmark of American Jewish philanthropy has been the "federal" idea, exemplified by Jewish federations and community foundations. In more recent decades, independent Jewish foundations have emerged as a new force in Jewish philanthropy. The juxtaposition of Jewish communal philanthropy (centralized federation giving) and independent philanthropy has created a new landscape for giving. And, of course, many Jews give abundantly to more civic and universal causes as well.

While centralized giving in Jewish life loosely evokes the spirit of *tzedakah*, contemporary Jewish giving mainly consists of voluntary acts motivated by personal priorities in amounts largely determined by the donor. This is in sharp contrast to the ancient idea of *tzedakah* in its classical form. However, the two forms of *tzedakah* converge in their emphasis on the priority of local giving.

The interplay between *tzedakah* in its traditional formulation and Jewish philanthropy as it is practiced today prompts a rethinking of American Jewish giving and the imposing of a set of important questions:

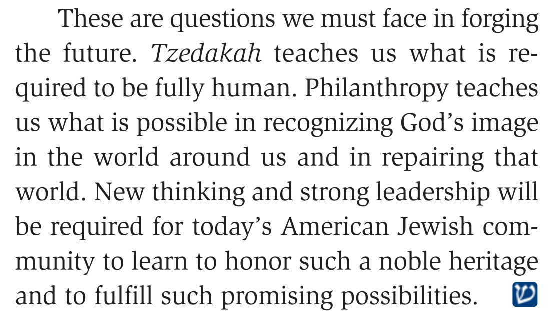
- How can the Jewish community strengthen

Larry S. Moses is president of the Wexner Foundation, which he has served since 1987. There, he organizes the grant-making activities of the family, works closely with Jewish philanthropists and public leaders in North America and throughout the world, and maintains a special relationship with the agencies and institutions of Central Ohio. As of October 1, 2011, Moses will take on a new role as philanthropic adviser to the Wexner family.

Sheryl Sandberg, COO of Facebook, speaks about ***tzedakah* & philanthropy**: www.sfjcf.org/groups/blc/2010/breakfast.asp#Sandberg.

its local, centralized, consensus-driven system of giving in an age of individualism, mobility, fragmentation, acculturation, and globalization?

- How can Jewish communal culture more strongly embrace and value the giving of time, service, and forms of "giving" other than gifts of money?
- How do we prioritize the needs of Jews and non-Jews in our giving?
- Can American Jewish philanthropy reclaim the idea of giving funds, time, and service as a matter of *obligation* rather than as a matter of personal discretion and virtue? If so, what would the concentric circles of giving look like in the world of the contemporary Jew?
- To whom are independent Jewish foundations accountable, and how might they more strategically align themselves with each other and with the larger Jewish communal structure?



These are questions we must face in forging the future. *Tzedakah* teaches us what is required to be fully human. Philanthropy teaches us what is possible in recognizing God's image in the world around us and in repairing that world. New thinking and strong leadership will be required for today's American Jewish community to learn to honor such a noble heritage and to fulfill such promising possibilities.

The New Social Economy:
A Broader Mix of Players

LUCY BERNHOLZ

What does it mean to be Jewish and philanthropic in 2011? Larry Moses wisely addresses this question from the perspective of the Jewish tradition of *tzedakah*. I am not a religious scholar; I am a philanthropy wonk. I study, write about, and consult with philanthropists on the changing ways we can create, fund, and distribute shared social goods such as education, health services, elder care, and cultural and artistic endeavors. My perspective on this question is to look at the modern business of giving, and to seek to apply those tools to the pursuit of justice.

Moses notes, "The interplay between *tzedakah* in its traditional formulation and Jewish philanthropy as it is practiced today prompts a rethinking of American Jewish giving." He asks us to consider how the different elements of giving — from charitable to strategic, from individual to institutional, or, to borrow his metaphor, from emergency room to medical research center — fit together. He leaves us with several enticing questions about institutional philanthropy and *tzedakah*. I am as interested as he is in the discussion of those questions, though I think we must expand our vision to the broader social economy. This economy encompasses the full range of private financial, institutional and individual sources that we use to create shared social goods. In the social economy, it is not enough to consider only the interplay between our charitable dollars and justice; we should also actively question the roles of our investment capital (the impact investing movement), our workplace structures (the social business movement), our shopping choices (embedded giving), and our contributions of time and wisdom.

In the past 20 years, institutional philanthropy in the United States has become big business. Between 1990 and 2009, the number of foundations more than doubled from 32,000 to 76,000 and their assets increased fourfold. While foundations are large and important, they represent a small portion of total giving and involve relatively few decision makers and recipients. Most of the $300 billion that Americans give each year comes through small, direct donations to religious, educational, and social services organizations.

But these aggregate measures of giving don't capture the complete picture of how we fund social goods. The measures omit the value of volunteer time, the role of social businesses, the rapidly emerging world of social finance, and the new forms of social change being birthed by mobile connectivity that are not yet enshrined in tax law.

Philanthropy is more than foundations, and the private economy that funds social goods is more than philanthropy. The social economy is framed by market-based assumptions and the reality of global connectivity. These two forces — new enterprise structures, and the ability to connect to anyone, anywhere, at any time — are not

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simple additions to philanthropy. They are a broader, and different, starting ground for how, when, where, and with whom we contribute our time, treasure, and skills to our communities.

We are restructuring how we create, fund, and distribute social goods. Social entrepreneurs who seek the scaling power of markets are driving some of this change, as are devolving public budgets, the formalization of sustainability metrics for investors, and the disruptive power of global telecommunications. Small groups of individuals, tethered only by their mobile phones and not by an organizational affiliation, have both toppled governments and greatly improved the effectiveness of recovery from natural disasters. Volunteers with phones now regularly guide international responses to earthquakes and floods. They provide news coverage when the broadcast media are banned and facilitate both riots and cleanups.

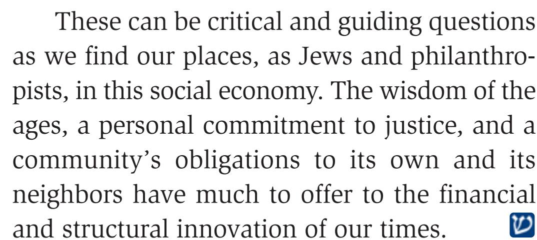
At the same time, commercial companies are bringing their efficiencies to bear in building affordable housing and providing solar lighting, innovating how rural farmers can bank via phone, and teaching people to read by teaching them to text. The mobile phone communities often use no institutional structure; the commercial firms rely on investment dollars and revenue, not grants. Both are becoming increasingly visible and viable contributors to the social economy.

We need to understand this broader mix of players and to recognize individual and complementary strengths of the different kinds of enterprises and financial sources. These new entrants in the social economy challenge the regulatory frames that guide nonprofits and philanthropy. The time has come for new policies that can ensure, protect, and encourage social good while also attracting necessary new capital and ideas to the sector.

After reading Moses' essay, I realized that the opportunity before us is more than simply using the tools of our time to pursue justice. Looking at the financial and enterprise innovations of the past several years, it is clear that there is no shortage of new ways to attract and grow capital for social good. However, where is the insurance or the assurance that these innovations will maintain their commitment to shared social good?

We have witnessed plenty of financial innovation over the years and have seen both social good and social destruction come from it. When it comes specifically to attracting new capital to the social economy, we must be more careful. We must create new financial, institutional, and policy structures that contain a commitment to fairness and a goal of justice. We must find ways of building these modern tools so they are contemporary applications of the principles of *tzedakah*. Innovation for innovation's sake is one thing. Innovation for the sake of justice would be world changing. The questions at hand are twofold: What can the tools of the social economy do for *tzedakah,* and what can *tzedakah* do for these innovations?

These can be critical and guiding questions as we find our places, as Jews and philanthropists, in this social economy. The wisdom of the ages, a personal commitment to justice, and a community's obligations to its own and its neighbors have much to offer to the financial and structural innovation of our times.



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Terms of Reference

Efficiencies: seeking ever greater impact with same or fewer resources

Embedded giving: donating money as part of another financial transaction, i.e. "shopping for good"

Impact investing: actively investing funds for both financial and social returns

Social business: commercial enterprises with social missions

Social economy: the set of capital and enterprises that deploy private resources for public good

Social finance: the use of commercial capital for social good

Creating a *Tzedakah* Standard

DON ABRAMSON

Larry Moses aptly describes the biblical commandment to do justice, *tzedek*. His essay also examines the rabbinic interpretation that *tzedakah* be directed to those who cannot meet their basic human needs, within the context of a model of concentric circles of giving. In response to Moses' suggestion, I will explore the model of concentric circles as a way of creating a workable *tzedakah* standard.

While there are a wide range of interpretations of what *tzedakah* is, there is common agreement that the purpose of *tzedakah* is to benefit others and, specifically, to correct the injustices that deny people the fulfillment of their basic needs. We all share in this obligation to our Covenental Partner to help correct those injustices and, in so doing, strengthen our ties both to that Partner and to each other.

Debating the definition of *tzedakah* is not merely an intellectual exercise, but also an activity that has real-world implications for how we treat and care for people in greatest need, people who generally have the least power to advocate for themselves. According to a 2007

Don Abramson is a past chair of the American Jewish World Service, where he has served as a longtime board member. He is seeking to create a workable *tzedakah* standard.

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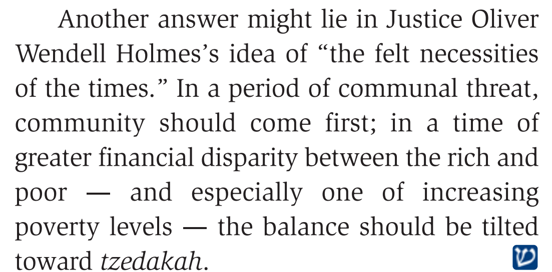
study by Indiana University for Google.org, only 31 percent of charitable donations benefit the economically disadvantaged. Donors often seem either to confuse charitable giving with *tzedakah* or to lose sight of the importance of helping the disadvantaged. Furthermore, because there is no distinction between *tzedakah* and non-*tzedakah* contributions with respect to a tax deduction, donors might conflate any nonprofit donation with *tzedakah*. It is easy for the focus on *tzedakah* to get lost. Deliberately identifying what is and is not *tzedakah* can protect its claim for support.

The concentric circles model — that we give higher priority to those within our closest circle and lesser priority as we move outward — determines the connection between an individual and his or her community. The rabbis have recognized this concept of priorities throughout the ages. The concentric circles rule, while certainly not unique to Judaism, derives from an age-old wisdom about decision making that was grounded in very difficult realities of allocation. We know that we need to start with ourselves in allocating scarce resources and next help those with whom we have the closest connections. We must respond to the tension between the biblical centrifugal force demanding justice for those on the fringes of society and the rabbinic centripetal force around the giver.

The myriad concentric circles surrounding each individual serve as building blocks upon which communities are constructed and through which they confer benefits on their members, engendering quasi-contracts of obligation. A contribution to support a community institution is certainly philanthropy; it not only helps society but oftentimes is necessary for a community to thrive. Yet even under the most expansive interpretation of basic human needs — cultural, religious, health, welfare, and educational — to the extent that a contribution does not help to meet those needs, it is not *tzedakah*.

How should one approach giving to *tzedakah* and community when both are crucially important and resources are limited? As it is, Americans give at most 2 percent to 3 percent of their income to charity and there is little evidence to suggest that Jews contribute a lot more than average Americans, irrespective of aspirational tithing standards. While providing more generously to both is the ideal, a workable — rather than theoretical — standard for *tzedakah* would help encourage generosity. Daniel Nevins suggests "graduated expectations of giving based upon financial capacity." In addition to using the familiar Form 1040 as a model of form, he suggests reclaiming ancient categories of giving as models of substance. My own suggestion is somewhat simpler: In addition to non-*tzedakah* communal obligations, one should give 10 percent of discretionary income or 1 percent of net worth to *tzedakah*, whichever is greater.



Another answer might lie in Justice Oliver Wendell Holmes's idea of "the felt necessities of the times." In a period of communal threat, community should come first; in a time of greater financial disparity between the rich and poor — and especially one of increasing poverty levels — the balance should be tilted toward *tzedakah*.

In Relation to the Collective

CHARLENE SEIDLE

Charlene Seidle is senior vice president of the Jewish Community Foundation of San Diego, where she works with families to match their charitable interests with communal needs. She also oversees consultation with the Leichtag Family Foundation, a private foundation in San Diego with ties to the federation.

Larry Moses' thoughtful essay expounds on the juxtaposition between the traditional nature of obligatory *tzedakah* — a "Jewish tax" — and the contemporary focus on philanthropy as a tool for individual impact.

But can we equate centralized decision making by a privileged few, the way it is currently practiced, with democratic and consensus-driven decision making? In more cases than not, today, decisions about responding to community needs are made by a few individuals, sometimes committee appointees, who lack the expertise to make truly informed judgments on how best to allocate precious dollars. How is this process different from the one Larry Moses describes, where individual philanthropists set their own priorities?

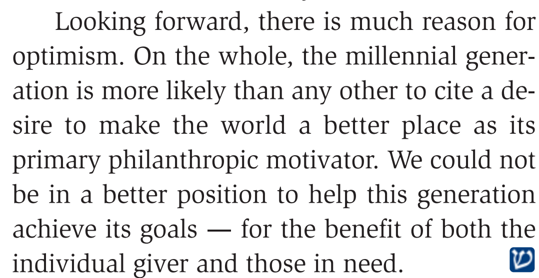
Perhaps the age of individualism, referred to in Moses' essay, presents us with the opportunity to recreate a communal model for giving in ways that appropriately pull together the broad spectrum of community.

Technology is our friend in this effort. Through media such as wikis, online voting, and social networking, we are able to collect community data and varying opinions, and then quickly and efficiently gauge interest and need. While nothing substitutes for a trip to

Israel, video helps to bridge the distance.

And yet, we can rely too heavily on technology. In San Diego, we've just completed a series of conversations with high school students and community members in their 20s and 30s about how we can best support and inspire their philanthropy. Many expressed passionately a desire for meaningful and substantive conversation. Though they are wired into the Internet, they complained that Facebook has pushed the limit of superficial connection and Twitter is a breeding ground for unevolved ideas.

Our foundation serves more than 700 donor-advised funds and family foundations — each with individual interests. All of our funders value the research we provide as well as the connections to other family foundations. We have a critical opportunity to help build their network so it serves both individual passions and established community priorities; we help make the obvious and not-so-obvious connections among funders, organizations, and sectors. The ideal system is one where the individual is informed but not controlled by the collective — where he or she is moved by individual interests to participate in a larger communal endeavor. Jewish traditions and values continue to offer many resources. Perhaps it's time to consider developing some fresh language to demonstrate how ancient ideas are actually quite robust and cutting-edge. *Tikkun olam*, the idea of repairing the world, may just be overused. What about *ha'atzmah* (empowerment) or *tikvah* (hope)? The Ohio-based Lippman Kanfer Family Foundation (primary funders of the Sh'ma Institute) reimagines the ancient concept of *moshiach* (the Messiah) as a sense of the possibility and, ultimately, the perfectibility of the world. Moses cites service in his article, and we would do well to help our constituencies think seriously about how they give to others without immediate personal gain. This is a powerful principle of Judaism and a tool for both self-actualization and community-enhancements.



Looking forward, there is much reason for optimism. On the whole, the millennial generation is more likely than any other to cite a desire to make the world a better place as its primary philanthropic motivator. We could not be in a better position to help this generation achieve its goals — for the benefit of both the individual giver and those in need.

Shattering Stereotypes:
The Newest Philanthropists

RACHEL LEVENSON

In "Rethinking American Jewish Giving," Larry Moses leaves the reader with important questions about how to reconcile the differences between traditional concepts of *tzedakah* and the more modern American model of philanthropy.

Tzedakah, as Moses reminds us, is a commandment required of all Jews — even those who are receiving help. But most Jewish communal philanthropic organizations (such as federations) have typically operated like a club reserved for an elite group of people with money. The list of people making the most important communal decisions often reads like a "who's-who" directory of individuals with impressive resumes and/or the potential to be big donors. Although young Jews are taught about their obligation to help others, Jewish communal grant making, which represents a significant component of the community's fulfillment of *tzedakah*, has been essentially off limits to us as well as to other subsections of the community.

I belong to a youth philanthropy movement that grew, in part, as a response to the narrowness of the philanthropic process. Over the past decade, the movement has launched numerous programs across the country. Despite their programmatic differences, all are shattering the stereotype of what a philanthropist looks like and who gets to make the funding decisions in the Jewish community.

With so many ways for Jews to "pursue justice," why does it matter for teens to be involved in Jewish communal philanthropy? It matters, first and foremost, because these programs demonstrate that one doesn't need to be wealthy to make a difference through grant making. Participants learn smart and effective philanthropy — the many ways of leveraging and maximizing impact with the money they have or are able to raise. These programs also show that the community values input, not just from the rich or the "experienced," but also from the voices of all who care about how the

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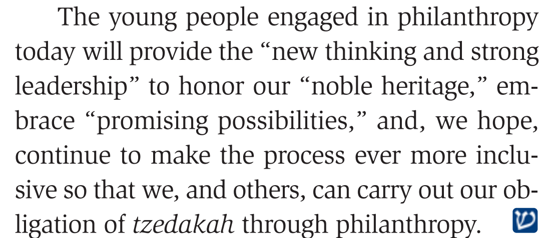
Rachel Levenson is a senior at Wesleyan University in Connecticut, where she is studying government and economics with a focus on African development. She began her philanthropic involvement in the seventh grade at the Gideon Hausner Jewish Day School in Palo Alto, Calif. In high school, Levenson was an active member, alumna, and staff member of the Community Teen Foundations of the Jewish Community Federation of San Francisco. She has also been involved in multiple national youth philanthropy boards. To mark her 16th birthday, she opened an endowment fund.



community allocates its resources. In fact, youth philanthropy programs are effective at drawing in Jews who previously felt disconnected from the community; they often speak to a different segment of the population, offering people a new way to connect to their heritage.

As new, young philanthropists, we are struggling with the very same questions that Moses raises. We spend our Sundays and afterschool hours mulling over the issues of how to balance and prioritize local and global needs, Jewish and non-Jewish interests, immediate and long-term causes. We strive to infuse Jewish values into our giving — to create an effective, consensus-driven decision-making process, and to choose how to commit our limited time and resources to *tikkun olam*.

The young people engaged in philanthropy today will provide the "new thinking and strong leadership" to honor our "noble heritage," embrace "promising possibilities," and, we hope, continue to make the process ever more inclusive so that we, and others, can carry out our obligation of *tzedakah* through philanthropy.

For Every Idea, a Nonprofit?
A Roundtable of Innovation

Rabbi **Yoni Gordis**, a Sh'ma Institute board member, is the founding executive director of the Center for Leadership Initiatives, a consulting group based out of Vancouver, British Columbia. For 20 years, he has served as a consultant for Jewish foundations.

Jessica Liebowitz is on the advisory board of the Rabbinical School of the Jewish Theological Seminary. For eight years, she served as a founding board member of Natan, a New York-based agency that seeks to inspire young philanthropists to become actively engaged in Jewish giving. She lives in Vermont.

Will Schneider is director of the New York-based Slingshot Fund, which works with next-generation funders — most of them involved in family foundations. He is the author of 'Slingshot: A Resource Guide to Jewish Innovation,' a compilation of the 50 most inspiring and innovative organizations in today's North American Jewish community.

Seth Cohen moderated the conversation. A corporate attorney for thirteen years, he recently joined the senior leadership team of the Charles and Lynn Schusterman Family Foundation, where he leads a new agenda related to helping young adults to network with one another in inspired ways. In addition to his involvement in other Jewish initiatives, he has served on the board of Joshua Venture Group, which invests in the ideas of emerging Jewish social entrepreneurs.

Seth Cohen: There's a lot of talk in the Jewish and secular world about innovation, philanthropy, new ideas and how all of this fits together. How do you personally define innovation in the Jewish world, and what advances and animates innovation?

Will Schneider: For me, and for Slingshot, innovation is about relevancy. Innovative doesn't necessarily mean "young," "new," or "start-up." We've seen innovation at mainstream establishment organizations and we've seen innovation in brand new projects, and it's really just about what's relevant to the Jewish community and what resonates with Jewish life today.

Yoni Gordis: Innovation is our ability to break habits and potentially develop new ones in how we approach, from the organizational side, programming and provision of services. It's about being limber and staying aware of market needs. I don't think innovation is a sector. There isn't an innovation sector. Rather, there's a large group within our generation of organizations who self-define as innovative. In part, grabbing that tagline is a response to philanthropic trends. Innovation describes an approach rather than a stage.

Jessica Liebowitz: If you're asking, "What would innovation in Jewish philanthropy look like?" I'd answer, "*tzedakah*." If we think of Jewish philanthropy as fundamentally motivated by "righteousness," by "doing the right thing," doing right by people who don't have what they need to put food on the table or educate their children, or who are burdened by social, health, or civic problems that need real solutions in the world, I think this encapsulates much of what has been so moving to so many young people today about innovative philanthropy: the search for effectiveness of outcomes. It's got to work to be meaningful. The best of innovation in Jewish philanthropy, to me, would turn back to re-examining the fundamentals of *tzedakah*.

Yoni Gordis: Jessica is using "innovative" to modify philanthropy rather than to describe a project. Both Slingshot and Natan are innovative approaches to philanthropy applied to innovative projects. But if we just use "innovative" as a modifier of philanthropy and ask the question, "What is innovative philanthropy?" I would agree with Jessica — that what today we call "innovative philanthropy" is actually what has been around for a long time, once fashionable and now returning. For example, *kupat tzedakah*, a *tzedakah* till, is a group of people who decide to collectively fund projects. To feel good, we tell ourselves we're inventing something new, but actually this rich tradition of philanthropy includes models of all of these "new things."

Seth Cohen: While* tzedakah *is an ancient core Jewish value, does it feel as if the philanthropic community is trying to uncover some new break-out idea that may simply be* tzedakah *wrapped in new terminology? How do we, as a community, balance the tension between constantly looking for something new and shiny in which to invest our philanthropic passions, while also acknowledging that this very activity is deeply rooted in our history as Jews? In essence, have we created a tension between our value of* tzedakah *and* tikkun olam *and the value we place on innovation?

Yoni Gordis: I'm not sure the tension is between new and old values. We live in the

"very short attention span" time. While we have greater fiscal and political security than we've had at any point in history, this privilege parallels the growth of the innovation cult. What do I mean? If we lived in a time of dire need, we wouldn't be looking for innovative projects. I recognize the tension between funding innovative projects and funding life-saving needs. From the Joshua Venture Group report about recruitment for its most recent cohort, one can see that a lot of people are into food and culture, but very few people want to address the approximately 15 percent of North American Jews who live under the poverty line.

The older generation came of age when the Jewish community was focused on the creation and survivability of Israel. The next generation is coming of age with new variations of those narratives, and they fit into those narratives differently. There is no longer communal consensus about how this is understood. If we were in a wartime crisis, then we would probably be more aligned. But our situation — the time we live in — allows us to entertain multiple positions, which affects the nature of the philanthropic process and decision making. Philanthropy has become more of a forward-looking tool than one that is preservationist.

Seth Cohen: There seems to be an explosion of new ideas and organizations but not enough attention to second-stage funding that would help nonprofits replicate and grow. Assuming there is a need for second-stage funding, what role might philanthropists play in investing for the growth of emergent organizations?

Yoni Gordis: We are encountering a phenomenon of start-up organizations that reach a mezzanine stage, meaning they are no longer start-ups. These nonprofits are having a hard time raising the next rounds of funding in the Jewish world. For me, this raises a series of questions. First, what do we perceive to be the natural lifecycle of a start-up organization? How long should it survive without being deemed a failure — even if it shuts down? Is any organization that closes a failure? Perhaps the lifecycle of some types of organizations should be eight to ten-years. Many products — even in the for-profit world — do not stay in the market for a long time. It is okay to shut down — in fact, that would create more available resources within the philanthropic world.

Second, we've done a great deal over the past ten years to beef up the demand side of innovation: Joshua Venture Group, Bikkurim, UpStart, Jumpstart. We've encouraged young people, which is great. But we have failed to beef up the supply side. We've hit a drum roll: "I should get my project out there," but we have not created mechanisms where younger funders with resources can meet these entrepreneurial young folk.

Philanthropic approaches that allow intellectual analysis to walk hand-in-hand with a strong emotional component will deepen the impact of philanthropy. It will broaden the access points for diverse populations and allow for more funding opportunities.

Jessica Liebowitz: We also need established organizations — synagogues and federations, for example — to open their doors and help support the programs and projects of young organizations that are successfully inspiring Jewish life, learning, and identity in new and unexpected ways.

Seth Cohen: Is this new wave of innovation, this new way of responding to needs in the Jewish world, incongruent or incompatible with the existing philanthropic structure? How might we repurpose existing forms of Jewish philanthropy? PresenTense is an example of an organization that has found a way to partner successfully with the existing establishment — the federation system — in various cities. Is that a model that could be expanded?

Yoni Gordis: The interface PresenTense is exploring is interesting. It gives federations a way to explore local innovation for a relatively low price tag. But they haven't yet addressed the question of how to ramp up funds locally to meet the needs of creative projects. Both PresenTense and Moishe House are addressing local needs by local folks, trying to raise local money.

Thirty years ago, the Natan-type givers would have found a home at a federation. They will not find their home at a federation now — even the coolest federations. We need to change a lot about our nonprofit culture — the nature in which conversations happen, how we run meetings and do business.

Seth Cohen: Yoni mentioned the need to change our nonprofit culture, but should we also work to influence the perspectives and group culture of the innovators as well? For

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example, should we encourage young entrepreneurs to work within organizations that already exist or should we continue to expect that for every new solution, for every new idea, we need a new organization?

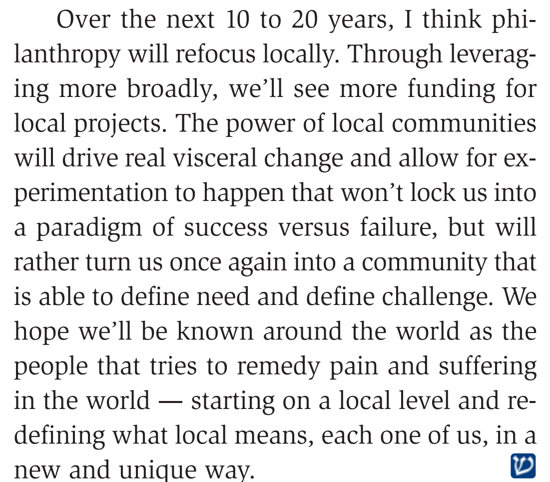
Will Schneider: Whenever somebody comes to me with an idea, we always talk first about where it might fit in an existing organization. That's the most sustainable and cost-effective option. But sometimes, existing structures aren't willing to take on new projects and the owners of new projects aren't willing to be adequately flexible to make their projects fit somewhere else. We'll see what is sustainable over the years. One of our goals is to open up doors for people — especially funders — who haven't been involved Jewishly. An organization that doesn't make it but becomes an entry point is also okay. While I wouldn't make broad generalizations about the future of philanthropy based on a collective giving model that exists in large part for the members of the collective, what donors learn sitting next to their peers talking about Jewish philanthropy greatly influences what they do with their lives. That's the point. I don't think the hub system is going to go away. We'll continue to see a lot of mainstream establishment organizations and hopefully there will be a bit more alignment between the web and the hubs.

Seth Cohen: Where does Israel fit into the idea of innovative philanthropy? And how might innovative philanthropy, investments, or new projects serve as a bridge between various communities and Israel?

Yoni Gordis: The more open we are to hearing a variety of narratives about the State of Israel, the more room we'll have for multiple philanthropic approaches. When we had only one narrative, we had a matching philanthropic vehicle — the federation system. When the narrative became more complex, more nuanced, then the necessity of multiple narratives has called for multiple points of interface and multiple philanthropic vehicles. Philanthropic approaches that allow intellectual analysis to walk hand-in-hand with a strong emotional component will deepen the impact of philanthropy. It will broaden the access points for diverse populations and allow for more funding opportunities. The conversation will become richer and there will be more points of interface between North American Jews and Israel.

Will Schneider: We have a few Slingshot members donating and volunteering with a new nonprofit, A Jewish Heart for Africa. They're bringing new bodies to the table and once they get in, who knows what they will do.

Yoni Gordis: I don't think this is the generation that is "Bowling Alone." This generation knows how to connect not just online but offline and can teach us a lot about collaboration and working together.



Over the next 10 to 20 years, I think philanthropy will refocus locally. Through leveraging more broadly, we'll see more funding for local projects. The power of local communities will drive real visceral change and allow for experimentation to happen that won't lock us into a paradigm of success versus failure, but will rather turn us once again into a community that is able to define need and define challenge. We hope we'll be known around the world as the people that tries to remedy pain and suffering in the world — starting on a local level and redefining what local means, each one of us, in a new and unique way. ש

From Giving to Impact Investing

SHAWN LANDRES

Shawn Landres is the co-founder and CEO of Jumpstart (jewishjumpstart.org) — a non-profit that works across the globe to empower organizations and leaders committed to compelling, relevant, and meaningful visions of Jewish life. Jumpstart's most recent publication is *The Jewish Innovation Economy: An Emerging Market for Knowledge and Social Capital* (innovation.jewisheconomy.org). A 2009 Ariane de Rothschild Fellow and a 2010 Nahum Goldmann Fellow, Landres is a member of the ROI Community, a Jerusalem-based global community for young Jewish innovators initiated by philanthropist Lynn Schusterman. He serves on the *Sh'ma* Advisory Committee and on the board of Keshet, a grassroots advocacy organization for lesbian, gay, bisexual, and transgender Jews. He was named to the Forward 50 in 2009 and to Jewcy.com's The Big Jewcy 100 in 2011. He thanks Joshua Avedon, Jonathan Greenblatt, and Renata Landres for their helpful comments on earlier drafts of this article.

The philanthropic paradigm that funded the organized Jewish community for much of the 20th century is in terminal crisis. Federated giving and allocation platforms no longer are the dependable revenue streams they once were. Within the organized Jewish community, at least three factors are challenging assumptions that governed donor behavior for generations:

- Increasing numbers of individual Jews question not only the significance of Jewish communal involvement in their own lives but also the relevance of inward-looking Jewish institutions to global concerns.
- At a time when Jewish federations and human service agencies report growing demand for their core priorities — educational initiatives, anti-poverty programs, health services, assistance to the aging — they face a sharply declining donor pool.
- Many of those who do give to federations,

especially younger donors, expect to be able to direct their contributions to specific beneficiaries and programs, irrespective of the budgetary needs of the broader service platforms. Growing numbers of donors want to know the measurable impact of their gifts and grants.

While the traditional Jewish nonprofit economy is reacting to these seismic shifts, a new sector dedicated to public benefit is flourishing in North America and around the globe. This "impact economy" encompasses social enterprise, social entrepreneurship, social business, and impact investing, and it does not focus purely on profit or social benefit. Instead, the impact economy combines multiple bottom lines: financial returns, social gains, environmental benefits, and economic development. Impact investing rapidly is becoming a vital part of contemporary individual, institutional, and foundational investment portfolios. Analysts estimate that by 2020, the global impact economy will reach $400 billion to $1 trillion, mostly from individual investments of less than $25,000 each.[1]

Impact investing in social enterprise blurs the boundaries between profit seeking and charitable giving. This is a market paradigm governed as much by Adam Smith's *The Theory of Moral Sentiments*, writes the White House's Jonathan Greenblatt, as it is by Smith's *The Wealth of Nations*.[2] Social enterprise transforms welfare recipients into stakeholders in their own socioeconomic future; impact investment transforms donors into investors who can expect to do (reasonably) well while doing good. For example, bonds available through the Community Investment Initiative created jointly by Jewish Funds for Justice and the Calvert Social Investment Foundation provide inexpensive microcredit in economically distressed regions. At the same time, they guarantee investors the return of principal plus interest of 1 percent to 2 percent interest. Social venture funds, another impact investment vehicle, build on principles of "patient capital" and can achieve an even more sustained impact and higher payouts. In many respects, these financial instruments are 21st-century versions of Maimonides's highest levels of *tzedakah*; they create job opportunities and enable beneficiaries to sustain themselves.

Social enterprise also offers Jewish donors and investors the opportunity to apply Jewish principles and values within the organized Jewish community and around the globe. Jews are disproportionately represented among impact investors and social entrepreneurs alike, just as they are in other areas within the public benefit sector. Jewish community involvement in social enterprise honors and involves Jews working globally in *tikkun olam* and expands our understanding of what it means to "do Jewish." Agencies gain the added benefit of access to the latest innovation engines for improving core human service delivery. In Los Angeles, for example, Beit T'Shuvah, a combined Jewish congregation and substance-abuse-recovery organization, won Los Angeles Social Venture Partners' 2010 Social Innovation Fast Pitch competition through its social venture, BT Communications, a nonprofit advertising and social media agency that employs and trains treatment center residents.

The future of the Jewish nonprofit sector depends on new mixes of investment income, charitable gifts, and earned revenue.

Impact investing generates self-renewing revenue streams that fund core priorities. Furthermore, access to those streams attracts and engages high-net-worth investors and funders who may not be interested in traditional Jewish federated philanthropy. Research suggests that for most investors, funds for impact investing are redirected from other investment vehicles rather than from charitable commitments, which results in more funding for the social good. In short, greater investment in the impact economy could generate a net increase in overall Jewish giving.

The future of the Jewish nonprofit sector depends on new mixes of investment income, charitable gifts, and earned revenue. With an investment mix that includes high-growth, socially responsible industries, such as clean energy, financial returns on impact investments will not only benefit investors, but also provide backstop funding to social service programs that lack an adequate donor base. They also can supplement funding for truly philanthropy-dependent initiatives focused on identity, culture, or broad-based social change — many of which struggle to find stable income and do not have earned income streams. While there are no panaceas for the challenges facing the field of social service, the natural parallels between Jewish values and those of the impact economy augur a creative and promising future for the Jewish philanthropic and nonprofit sectors. ש

[1] Hope Consulting, 2010, "Money for Good: The U.S. Market Opportunity for Impact Investments and Charitable Gifts from Individual Donors and Investors." (www.hopeconsulting.us/money-for-good); J. P. Morgan, 2010, "Impact Investments: An Emerging Asset Class" www.jpmorgan.com/directdoc/impact_investments_nov2010.pdf.

[2] Jonathan Greenblatt, "Investing for Change: The Emergence of the Impact Economy." *Huffington Post*, January 14, 2011. For more information, see www.huffingtonpost.com/jonathan-greenblatt/investing-for-change-the-_b_808940.html.

How Big? How Great?

WILLIAM FOSTER & TOBY RUBIN

Over the past decade, according to a recent survey report by Jumpstart, the Natan Fund, and The Samuel Bronfman Foundation, the Jewish innovation sector has created more than 600 new organizations that seek to effect change in the world through a Jewish lens. Toby Rubin interviews William Foster about the obligations of both entrepreneurs and philanthropists to increase the impact of those organizations and determine if and how to provide next-stage funding and a crack at sustainability.

Toby Rubin: What are three key trends in the philanthropic sector that inform our understanding of whether philanthropy in the social sector is positioned to step up? Please name them and discuss each in turn — ideally, with a "call to action" for philanthropists, social sector professionals, and/or social entrepreneurs.

William Foster: Toby, to start, my comments reflect a much deeper experience in the secular nonprofit world than with Jewish organizations. However, my sense is that the issues and dynamics are by and large the same. As in the Jewish community, visionary leaders are creating a tremendous number of new nonprofits that are connected to large philanthropy but are then having trouble getting to the next stage. I would probably guess that the Jewish nonprofit world in the United States is just like the secular sector but maybe more so: the density of new entrants, the high level engagement of the major philanthropic donors, the rising level of expectations, and a real scarcity of efforts that have actually achieved the desired scale or clear effectiveness.

Toby Rubin: What is the shift in expectations coming from the philanthropic sector?

William Foster: The most profound trend over the past ten or fifteen years in the nonprofit sector overall is a change in the focus of funders and nonprofit leaders from funding and starting nonprofits that "do good," to nonprofits that "solve problems." The expectations of what nonprofits can do, and what society needs them to do, have changed dramatically. This plays out in how nonprofits are getting funded, being judged, and even, at times, how funders collaborate. The ClimateWorks Foundation, is an extraordinarily ambitious effort to move the needle on climate change and represents a collaboration of many of the largest donors in that space to pool their resources. The Harlem Children's Zone puts enormous attention and resources in a very concentrated way to change the lives of youth in one of the poorest neighborhoods in our country and is now being copied around the country. These organizations are working in areas that have been a focus of nonprofits for decades or centuries but represent a next stage in ambition and intentionality.

Rather than helping because helping is, in itself, good, the aim is to truly solve social problems. Two factors are at play: First, an increasing number of donors and nonprofit leaders entering the sector are coming from having achieved major success in business, often at a relatively young age. Much of the philanthropic money is from high-tech entrepreneurs and from financiers who have the same ambitions for their philanthropy as they did for their business endeavors. And many of the nonprofit leaders are bringing a similar ethos as well.

Unfortunately, other key drivers are frustration and a sense that government isn't capable of achieving many of the things that our society needs. Today, even our government looks to the nonprofit sector as an avenue to solve social problems.

This puts a tremendous emphasis on issues of scaling. How do we take a good idea and get it to a relevant size where a problem can be solved? And issues of evidence: How do we know that something is actually working? What data do we have that shows that it works?

Toby Rubin: I want to look a little closer at your description of evidence-based decision-making. Nonprofit professionals need to change the way they're thinking about creating impact — building a body of evidence so we know what to build on, what to cast off, and what to change. Then, we can make a case to potential donors that we're a good investment vehicle for achieving their aims. How has that shift been happening in the secular world?

William Foster: Certainly, the most important use of data about effectiveness is for nonprofit leaders to learn and improve their programs and work in order to create greater levels of impact. Data collection needs to be ongoing, rather than just a trial that proves effectiveness once every ten or more years. While most funders — whether governmental or philanthropic — talk a lot about evidence, it's not as though money generally flows to the

William Foster has been with Bridgespan Group for close to ten years, as a partner, head of the Boston office, and leader of the firm's work on nonprofit capital. His recent clients include the Harlem Children's Zone, Youth Villages and Communities In Schools, the Edna McConnell Clark Foundation, and the AVI CHAI Foundation. Foster co-wrote three prominent articles on funding models: "Ten Nonprofit Funding Models" (*Stanford Social Innovation Review*, Spring 2009), "When You've Made Enough to Make a Difference" (*Harvard Business Review,* January 2011), and "Finding Your Funding Model" (*Stanford Social Innovation Review*, Fall 2011). He serves on several boards, including Congregation Or Atid in Wayland, Mass. Foster has just become the executive director of the Jacobson Family Foundation in Boston, where he will focus his energies on nonprofits working on issues related to the vitality of the Jewish community and the State of Israel.

highest evidence programs.

Toby Rubin: To scale up a program or organization requires significantly increasing the size or extent of operations that will be needed to achieve a desired impact. Scaling an organization can employ various approaches, including growing an organization's own capacity, developing independent affiliates, or franchising — encouraging widespread adoption of the model by others. Is this a good working definition?

William Foster: I think that's a great definition of increasing impact and it illustrates different ways to scale. But when I think about scale, the most powerful definition focuses on arriving at a particular point that achieves the nonprofit's vision of success. If the vision of the organization is to reverse global climate change, that's one level of scale. If the vision of an organization is to educate or help children in a certain small community, it may only require a small scale up to solve the problem. I would connect it back to that notion of solving problems: What scale do we need to be relevant and have a meaningful impact on the breadth of whatever it is that we're talking about, and how far have we progressed to reaching that point? Viewed in this way, scale is not a catchy synonym for growth, but it really means something particular to the nonprofit's mission.

Perhaps the best known social enterprise and nonprofit leader in the country right now is Geoff Canada, president and CEO of the Harlem Children's Zone. In some sense, he has limited the scale of the agency's impact while painting a picture of how to succeed. Over the last decade, they have been well known for saying, "We are going to solve the issue of the life trajectories of kids in Harlem." But when they developed a detailed strategy in 2000, the first thing they did was get very tight around a certain number of square blocks — some 24 square blocks. As opposed to saying we're going to solve poverty in the world or poverty in America or poverty in New York, they said, we're going to solve the problems caused by poverty for these children in this neighborhood. In fact, we're focusing our efforts on achieving results for the children, not the whole family, not the parents, not the grandparents — the children. Canada was very clear about the scale of what he was trying to achieve and realistic that it was going to cost a lot of money. He was honest and clear about the limits of what the nonprofit would attempt to do while painting a picture of a bridge to a solution. There's a tension between painting the largest possible vision that we know, deep down, is not realistic but is attractive, and painting a vision that may be more limited but is extraordinarily compelling to donors who will feel and believe that you have a solution. In the past, the bigger the vision, the more dynamic was the story. Today, groups are limiting the scope of the vision but being extra clear about its achievability.

There's a tension between painting the largest possible vision that we know, deep down, is not realistic but is attractive, and painting a vision that may be more limited but is extraordinarily compelling to donors who will feel and believe that you have a solution.

One more point: Nonprofit leaders in what some have called the "nonprofit wing of the nonprofit sector" often complain that the biggest gifts go to universities and hospitals but not to their own types of organizations. In part, donors know that a university or hospital can spend an enormous gift. But few are convinced that a smaller nonprofit could spend $10 million well. Adopting a vision with an achievable solution, creating clear plans, and building strong organizations can be major factors in inspiring donor confidence.

Toby Rubin: You're suggesting that nonprofit leaders understand their work through a "problem-solving lens"; develop a practice that is evidence-based; ensure that the goals and benchmarks are compelling, inspiring, realistic, and achievable; and be clear about the organization's stages of development — how it moves from a great idea to a scaled idea. Is this how to swim with the current right now, and is it a fair expectation?

William Foster: Though I wouldn't suggest it because this is the way to swim with the current, I do think that focusing on solving problems is gradually bringing the sector to an entirely new place. However, this is an evolution, not a revolution, which means that one still needs the traditional elements of attracting donors to the work — the vision and compelling stories. The heart is still going to be the dominant driver of givers and the dominant driver of leaders wanting to come into the work. What will increasingly differentiate the organizations that succeed and grow most, though, is a solutions orientation with some type of data, learning agenda, and credibility that they can solve problems. My sense is that an organization like

Toby Rubin is founder and CEO of UpStart Bay Area, a San Francisco-based agency dedicated to inspiring and advancing innovative ideas that contribute to the combined growth and vitality of Jewish life. UpStart is involved in cultivating and nurturing emerging Jewish social entrepreneurs and pioneer Jewish organizations at work to strengthen Jewish life worldwide. An attorney, she served for two years on the staff of the Central Mississippi Legal Services, advocating in the educational arena on behalf of students with disabilities. She continued her civil rights work after moving to San Francisco in 1981, and she was involved in litigation that concluded with a victory in the U.S. Supreme Court. A Wexner Heritage Fellowship alumna, Rubin has served as president of the Jewish Community Center of San Francisco and as vice president of the Brandeis Hillel Day School. She currently serves on the executive committee of the Jewish Community Center Association.

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Taglit-Birthright Israel really embodies both sides of this coin. The mission pulls at the heartstrings and the stories are incredible, but Birthright is also very clear about what "scale" would achieve its ambitions, and what data it needs to track to ensure it achieves its results.

Toby Rubin: The *Stanford Social Innovation Review* recently published an essay by the Bridgespan Group, "The Nonprofit Starvation Cycle," that highlights the lack of support by donors for infrastructure — as if programs happen magically without sufficient infrastructure to provide the human drivers and other support systems essential to achieving evidence-based impact.

William Foster: It's much more exciting to have an idea of how to change the world and get a grant to prove it, than it is to think about what it takes to go from being in two cities to five cities, or what it takes to have the 500 meetings necessary to get a legislature to adopt a new policy. That sort of work is very hard but is equally important to effecting an impact. An idea, even one that's proven, that lacks an effective method to spread the change is not high impact. Unfortunately, developing the skills or capabilities to spread ideas and programs is not as exciting. People generally don't enter the sector to become experts in the replication of direct service organizations or state-level advocacy and policy change. These are what I call "methods of change." But I think the nonprofit sector and the donor sector are realizing that both sides of the equation are equally important. The most effective philanthropists are creating a balance between funding ideas and giving support to build strong organizations.

One call to action: Be thoughtful about that balance. Many of the nonprofit sector's leaders are incredibly knowledgeable and insightful about the issue area they're working in, and they have brilliant ideas about how to create change. Many funders want to engage with nonprofit leaders on crafting this idea. However, if the philanthropic investor is too deep in the program idea, there's some risk that the philanthropist can pull a nonprofit off course. But funders could have tremendous impact by helping create the machine needed to spread change. A recent *Harvard Business Review* article[1] that I co-authored about this topic highlights a handful of donors who have really helped grantees by being expert in a "method of change" rather than just the issue area.

Toby Rubin: Do you think that philanthropists are limited in what they can do to drive large scale change?

William Foster: Yes. At the beginning of any endeavor, it's important to be realistic and clear about the scale that can be achieved, and then to bring in the expertise that will add value to the methods of change and the program ideas. Philanthropists, even of the highest net worth, don't have the financial resources, for the most part, to solve problems on their own. One of the very interesting statistics we found in our research was that of all the funding for U.S. nonprofits, only about 3 percent comes from foundations and another 3 percent from the highest-net-worth individuals — people making $1 million a year or more. What we think of as philanthropists or the sector's investors contribute only 6 percent of the monies to the nonprofit sector. That's in total, not as individual people or foundations. Thus, it takes garnering the donations and passions of wide swaths of middle class individuals or influencing government to really create change. Since writing a check to solve the entire problem is generally not a possibility, the investor must think strategically with a nonprofit about both the vision — the end point that is in fact inspirational — and about the capacities and capabilities and skills that will be needed to help build up a nonprofit so that it can successfully address and solve the problem.

Toby Rubin: Many Jewish organizations are not able to access government money for what they're doing because of faith-based limitations on availability of government money. And they don't have access to the complete panoply of potential funders who, for example, would

[1] "When You've Made Enough to Make a Difference" (*Harvard Business Review*, January 2011).

Philanthropic & Executive Leadership: Bringing Nonprofits to Scale with William Foster

October 18, 2011 in San Francisco

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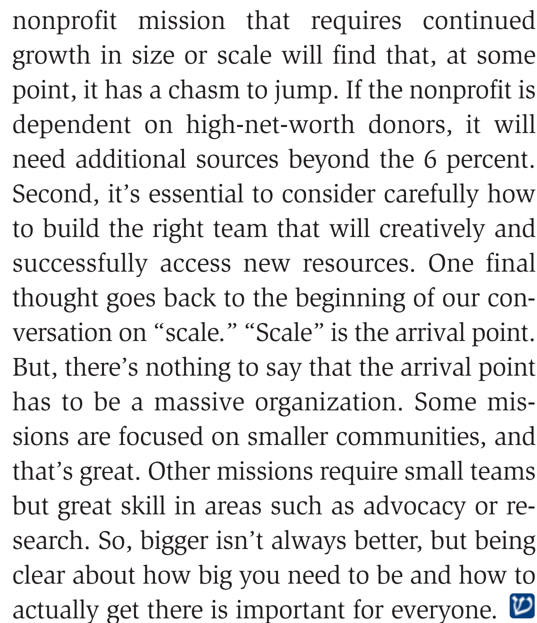
Discussion Guide

Bringing together a myriad of voices and experiences provides *Sh'ma* readers with an opportunity in a few very full pages to explore a topic of Jewish interest from a variety of perspectives. To facilitate a fuller discussion of these ideas, we offer the following questions:

1. What are our obligations to and how do we prioritize the needs of Jews and non-Jews in our *tzedakah*?
2. Should tax laws distinguish charitable organizations that address poverty and disaster relief from those that support cultural or educational programs?
3. Can giving time or service be counted as part of our *tzedakah*?
4. At a moment of financial vulnerability, how do we balance the need to fund basic services vs. funding innovative visionary projects?



want to address climate change. So if only 6 percent of the funding generally in the philanthropic sector is available for a funding model, this would create a particularly tough challenge for Jewish organizations. One of our responses has been to lead UpStart and encourage others to develop earned revenue streams. There are at least three values in this approach: 1) It helps Jews learn that they can't get for free in the Jewish community what they don't get for free elsewhere; 2) It offers some level of autonomy from the vagaries of philanthropy: and 3) It provides very good, evidence-based information on whether or not the nonprofit is providing something relevant and valuable.

William Foster: Those are three important benefits. Two broader lessons from our work in the secular world may also be relevant. First, a nonprofit mission that requires continued growth in size or scale will find that, at some point, it has a chasm to jump. If the nonprofit is dependent on high-net-worth donors, it will need additional sources beyond the 6 percent. Second, it's essential to consider carefully how to build the right team that will creatively and successfully access new resources. One final thought goes back to the beginning of our conversation on "scale." "Scale" is the arrival point. But, there's nothing to say that the arrival point has to be a massive organization. Some missions are focused on smaller communities, and that's great. Other missions require small teams but great skill in areas such as advocacy or research. So, bigger isn't always better, but being clear about how big you need to be and how to actually get there is important for everyone. ש

Helping Funders Make Good Decisions

AMY RABBINO

Helping funders make good decisions is not just a grant-making transaction. As an adviser to philanthropic families, I've come to learn that effective philanthropy has a double bottom line: donor satisfaction and impact for the greater good. Key to successful relationships with philanthropists is a significant investment in listening and engaging the donor (or donor family) in a process that elicits the donor's personal objectives and motivations for giving. Beyond any expertise in specific areas, analytic insight, vision, or conviction, listening may be the most important skill for an adviser to philanthropists.[1]

While the obligation of *tzedakah* is deeply felt by many donors, donor satisfaction also plays a motivating and self-reinforcing role. While that satisfaction is, of course, vested in creating meaningful change in the world, rarely does a donor continue to fund a project that doesn't resonate on a personal level. As an adviser, I use numerous tools to help funders explore their personal aspirations and identifications, family history and legacy; I help them engage the next generations while considering the values to be transmitted, as well as their methodology of giving.[2] Developing this understanding of the donor's motivation and sense of purpose is instructive in an arena that is not wholly empirically based: Donor-directed philanthropy is an art and not a science.

As an adviser within a Jewish community federation, I work to inspire philanthropists to give Jewishly and to fund communal priorities. Philanthropists working with Jewish community foundations have the benefit of being informed about community challenges, priorities, and initiatives, but they are not bound by them. Donor-directed giving operates like a private philanthropy working under the umbrella of the organized Jewish community. Granting a plurality of funds to Jewish causes is not a given, even among this population.

As a best practice, philanthropic service professionals connect philanthropists to appropriate educational opportunities. Some donors want help developing financial competencies (particularly for children of wealth); others want to study a particular issue. Connecting funders to experiential and learning opportunities across the spectrum of philanthropy, finance, the nonprofit field, leadership, and Jewish life helps them develop greater skills and interest. Connecting philanthropists to each other and to knowledge in the field is also crucial in order to facilitate collaboration and impact. Peer group learning (by age cohort, gender, funding area, or magnitude of giving) is often particularly effective.

In order to help donors make not just "good decisions," but "good-for-the-Jews decisions," they need to have positive, meaningful Jewish experiences. Those experiences motivate donors to direct their dollars Jewishly and to consider the

Amy Rabbino is director of philanthropic services for the San Francisco-based Jewish Community Federation and Endowment Fund, working with individuals and families in their philanthropic endeavors. In addition, she convenes current and next-generation funders for meetings on best practices and innovative grant-making. She is also an evaluator for *Slingshot: A Resource Guide to Jewish Innovation.* A graduate of the Wexner Heritage Fellowship leadership program, she holds a doctorate in English from the University of California, Santa Barbara.

[1] I thank my mentor, Phyllis Cook, for teaching me many of these lessons in philanthropic advising in the Jewish world.

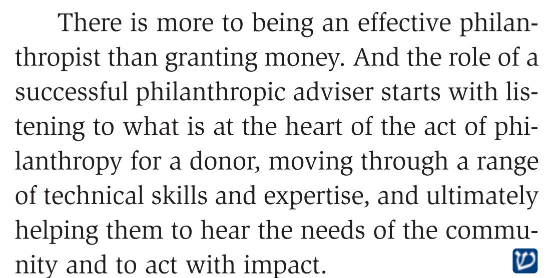
[2] I use many of the tools developed by the Andrea and Charles Bronfman Philanthropies' 21/64 division to this end.

compelling needs, granting opportunities, and big ideas in the Jewish world. While many funders arrive with such experiences, in some cases a component of our support is to develop a philanthropist's Jewish engagement and knowledge. We refer family members to programs that promote leadership, as well as to service-learning programs and to religious, volunteer, social, artistic, and learning opportunities. We suggest travel to Israel or other Jewish communities, and we help families network with the Jewish community and encourage them to articulate the Jewish values guiding their philanthropy.

Effective philanthropy focuses on outcomes in the world — a convergence aptly captured by Charles Bronfman and Jeffrey Solomon in the title of their book, *The Art of Giving: Where the Soul Meets a Business Plan.* To the public impact bottom line, an adviser must bring research and best practices in the field and subject area; the adviser helps to make matches between nonprofit organizations and collaborative funders; to guide funders in the discipline of philanthropy; and to offer inspiring opportunities and initiatives in light of the funder's risk tolerance, funding horizon, and other methodological considerations. It's also the adviser's role to clarify what the investment of certain philanthropic dollars will garner, and to maximize the effective deployment of non-financial resources such as leadership, advocacy, and social capital.

Funders seek help in understanding the philanthropic terrain — particularly with regard to multigenerational family philanthropy. They must navigate a number of philanthropic trends: the longer life span that allows for as many as four generations to participate in a single family's philanthropy, the notion of giving while living instead of leaving one's assets to be disbursed after death, and the younger generation's lack of attachment to traditional institutions.

Other trends include the decline in umbrella giving and the increase in donor-directed funds, plus the advent of new methods of giving, including giving circles, online giving, results-oriented philanthropy, and venture philanthropy. Funders must also deal with the blurring of the lines between the for-profit and nonprofit sectors and with the way technology has transformed the currency of philanthropic data, information, and action.



There is more to being an effective philanthropist than granting money. And the role of a successful philanthropic adviser starts with listening to what is at the heart of the act of philanthropy for a donor, moving through a range of technical skills and expertise, and ultimately helping them to hear the needs of the community and to act with impact.

The Guide for the Perplexed Donor:
Tzedakah as Jewish Identity

NOAM ZION

"We make a living by what we get. We make a life by what we give." — Anonymous

Noam Zion, a senior faculty member of the Shalom Hartman Institute in Jerusalem, is the author of three books on home-centered Judaism: *A Different Night: The Family Participation Haggadah* (1997), with David Dishon; *A Day Apart: Shabbat at Home* (2004); and, with his son, Mishael Zion, *A Night to Remember: The Haggadah of Contemporary Voices* (2007). Zion is completing a comprehensive trilogy on *Narratives of Giving:* Tzedakah, *Christian Charity and Greek Philanthropy.*

Bombarded by requests for help from worthy causes, how does a philanthropist choose? The answer resides not only in the nature of the cause and the effectiveness of the organization, but also in answering certain questions: Who are you as a giver? What is your reason for giving? And, what is your vision? Beyond personal biography and a rigorous process of due diligence, a donor may be enriched by understanding the collective cultural and religious roots of giving in the Western world. But how do we set priorities among all the truly valuable projects? Effective, professional giving is essential, but it must be translated into a value language in order to explain it — especially, to explain one's philanthropic vision — to others, including our children and grandchildren. Giving of one's self and one's resources generates a story, a narrative of who I am, what kind of Jew I wish to be, what my community values are, and what image of self or of God I would like to make visible in the world by my actions.

"Jewish giving" may be defined by its narrative drama and motivation. For example, the American Jewish World Service expands on what Jewish giving means by defining it as one's calling to give rather than by who receives the funds. So, I am acting as a Jew when I advocate for humanity as Abraham served "the way of God," teaching "*tzedakah* and legal justice" (Genesis 18:17-18) and pleading for the exoneration of the wicked city of Sodom. *Tzedakah* thus becomes an expression of Jewish identity.

When giving privately to a needy person, *tzedakah* is not much different than Christian charity (a word that means love, like the Hebrew word c*hesed*). It reflects one's personal compassion and a desire to share, as at the seder: "May all who are hungry come and eat." But *tzedakah* is also credited to the individual donor to redeem him or her from death or sin: "*Tzedakah* saves from death." (Proverbs 10: 2) Thus, God will have compassion on the donor as well as on the destitute.

What is truly innovative in Jewish giving, though, is rabbinic "taking." *Tzedakah* is an obligatory and progressive municipal tax outlined during the rabbinic period. The only pre-20th-century example of a welfare state, it is rooted in a vision of justice but not equality, of maintenance but not economic rehabilitation. Jews committed to such an ideal not only assess their level of self-taxation according to their income, but also play a citizen's role in supporting their government's social welfare "rights." More radically, if one believes in *tzedakah* as a system of communal progressive taxation, one might fight against the privatization of philanthropy. Should the government exempt charitable contributions from taxation? Today, if someone donates $1 million, the government exempts the donor from the tax at whatever is the donor's tax rate or bracket. Thus, the government gives donors the right to allocate a large proportion of their tax to a recipient of their choice — not usually the poor, but universities, opera houses, and churches/synagogues — that take the lion's share of "charitable" contributions. Is the government wasting money that it could reap from taxes to use for welfare needs?

Julius Rosenwald, founder of the Sears, Roebuck and Company, rejected the idea of government welfare and charity to the destitute. But he gave millions of dollars in challenge or matching grants to African-American communities in the American South. He supported public schools in an era when Southern states did not support adequately what were then segregated "colored" schools with municipal and state taxes. Rosenfeld wanted "to cure the things that seem to be wrong" rather than simply "helping the underdog." He wanted to "try to do the thing that will aid groups and masses rather than individuals."[1]

This third kind of *tzedakah* is about rehabilitation rather than maintenance. Rosenwald's generosity and Maimonides's highest form of *tzedakah* maximize the support of self-help.

A fourth route for *tzedakah* is not so named in any classical Jewish source. It is best called by its Greek name, *philanthropia,* or *euergia*. Like the Greeks and Greco-Roman Jews, and most North American philanthropists today spend the greatest part of their contributions on the cultural institutions of their own cities. In the Second Temple, one set of gates was called the Gate of Nicanor, donated by wealthy overseas Jews who, like all good Greeks, wanted their donation named — thus intertwining their personal glory with that of the city. Today, donating to any Jewish school, institution, or yeshiva is not necessarily helping to maintain the physical survival or economic flowering of human beings. Rather, the gift helps the cultural survival and flourishing of what makes us human — our minds and our souls, our civilizations and our values.

As a donor, who would you be? Would you become a compassionate one, an advocate for social justice, a social entrepreneur empowering the needy, or the philanthropist cultivating a higher civilization? By revisiting the greatest classic narratives of giving, one may find guidance for the "perplexed" Jewish donor.

[1] Cited in Daniel Boorstin, "From Charity to Philanthropy" in *The Decline of Radicalism: Reflections on America Today* (1963) reprinted in Bremner, *America's Voluntary Spirit*, 136

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Dig Deeper

SKYPE interviews with commentator and respondents on www.shma.com

Honor God with your wealth. (Proverbs 3:9) If you are good-looking, don't be morally loose, lest people will say, "So-and-so is good-looking, and he exploits it by having inappropriate sex." Instead, honor God with your wealth. Another interpretation: Honor God with your wealth, so you don't come to honor God without any wealth. Yet another interpretation: If you have a sweet voice, use it to lead the congregation in prayer. The verse says, "Honor God with your wealth," meaning, whatever you are graced with, use it to honor God.

—Midrash Tanhuma, Parashat Re'eh, 12

This midrash offers us, philanthropists and *tzedakah* givers alike, two warnings and a guiding principle. First, we shouldn't misuse our wealth or employ it exploitatively. We are cautioned to mind the fine line between leveraging a donation and having undue influence. Second, we shouldn't fail to use our wealth. We shouldn't hoard our resources or, having not used them to honor God, we might find ourselves without them. Third, we are called to use our wealth positively, to do nothing less than honor God. We are told that whatever the nature of our resources — be they money or good looks or a sweet voice — we should use them in service to God. But the midrash goes even further, reminding us that these are resources with which we have been graced. We are guided to give with humility and a light touch, cognizant that these things which, on the face of it, seem to be ours — our hard-earned money, our cultivated good looks, our trained voice — actually have their very source in God. *—Jennie Rosenn*

Thanks to Rabbi Rosenn, we can finally distinguish between philanthropists and *tzedakah* givers. Ever since Maimonides lauded anonymity in his eight stages of giving, many in the Jewish world hold the mistaken impression that *tzedakah* should not be a public act.

However, if you are to "honor God with your wealth," one might intuit that we are to display our God-given good looks and sweet voices; and so, too, we should publicize our philanthropy. Until modern times, the *tzedakah* giver strove not to embarrass the poor by remaining anonymous.

Through philanthropy, we distribute our wealth most appropriately when we partner with nonprofits that are transparent and accountable, and that provide donor recognition. For more than 100 years in North America and more recently in Israel, society expects its citizens and corporations to "fix the world." Those who do not honor this social contract (or very wealthy persons who do not honor the Giving Pledge proposed by billionaires Warren Buffet and Bill Gates) might be excluded from the commonweal and see their wealth disappear. "Honor God with your wealth" in a responsible, just, and public way. *—Jonathan Perlman*

The midrash invites us to reflect on whether we are using our wealth, in its fullest sense, to honor God. Asking during the High Holy Days to be inscribed in the Book of Life heightens our awareness that a full accounting of how we use all the assets we have been given is expected of us.

The Talmud offers a teaching about the nature of money — that it does not remain still; it circulates, and the one who possesses it changes continuously. A coin is often referenced in the Talmud as a "*zuz*," whose Hebrew root means "movement." The financial crisis reminds us that not only does money move, it sometimes vanishes.

While markets and endowment returns gyrate, the nature of the other resources we are given is different. Knowledge, wisdom, and skill can increase throughout life, building our personal sense of wealth and stability and adding to the true wealth of our communities, if we give generously of those resources as part of our *tzedakah*.

Just as we need to rebalance our investment portfolios periodically to ensure our financial well-being, the midrash challenges us to consider carefully how all our assets are allocated. *—Shelley Hébert*

If we are to honor God with our wealth, does that imply that if we have no wealth we do not have to honor God? Alternatively, if we do have wealth, but do not honor God with it, is it possible we will lose our wealth as a form of punishment? Should fundraisers include that phrase in solicitations? Wouldn't it be perceived as a scare tactic or threat? If, on the other hand, fundraisers see their role as one of teaching, then this midrash can be a motivating factor: We are commanded to honor God with our wealth; giving some of it to the neediest is but one suggestion.

Comforts of prosperity sometimes lead to complacency. However, having wealth and using it to enhance God's wishes help us to appreciate our own wellbeing. Doing good, makes us feel good about ourselves. We are pleasing God with our good deeds; we understand that we are satisfying God's utterances and mitzvot. *—Sherri Morr*

This midrash offers two important pieces of philanthropic advice. First: "Honor God with your wealth" by giving charitably through a Jewish values lens. This means that all who give *tzedakah* should remember that the highest form of *tzedakah*, as Maimonides explained, is not simply to satiate a short-term need, but also to help the recipient achieve self-sufficiency. Second: One should give *tzedakah* knowledgably. *Tzedakah* givers should research the beneficiaries of their gifts to ensure that their dollars will have the greatest possible impact. To truly "honor God," we must give with both our hearts and our heads, keeping Jewish values in mind while we make informed and directed contributions. *—Brett Caplan*

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Yehudah Mirsky, fellow at the Jewish People Policy Planning Institute

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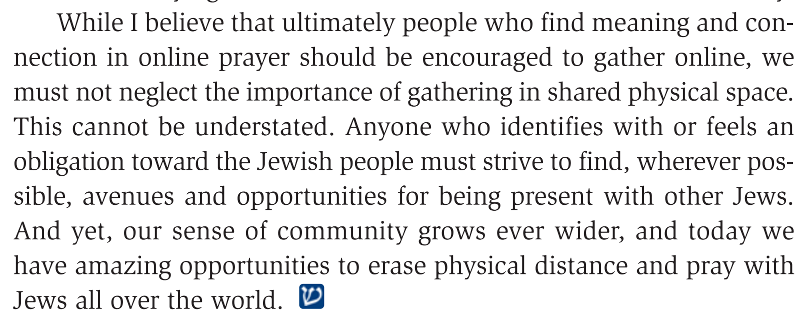
Ethics *continued from page 20*



books. In every age, we strive to make the old new and the new holy.

While I believe that ultimately people who find meaning and connection in online prayer should be encouraged to gather online, we must not neglect the importance of gathering in shared physical space. This cannot be understated. Anyone who identifies with or feels an obligation toward the Jewish people must strive to find, wherever possible, avenues and opportunities for being present with other Jews. And yet, our sense of community grows ever wider, and today we have amazing opportunities to erase physical distance and pray with Jews all over the world.

Suggested Further Reading

- *Give Smart: Philanthropy that Gets Results* by Thomas J. Tierney and Joel L. Fleishman
- *There Shall Be No Needy: Pursuing Social Justice Through Jewish Law & Tradition* by Jill Jacobs
- *The Art of Giving: Where the Soul Meets a Business Plan* by Charles Bronfman and Jeffrey R. Solomon
- Jumpstart, the Natan Fund, and The Samuel Bronfman Foundation. *The Jewish Innovation Economy: An Emerging Market for Knowledge and Social Capital* (http://innovation.jewisheconomy.org, 2011)
- *Saying "Yes" Wisely: Insights for the Thoughtful Philanthropist* by Richard Marker
- *Creating a World Without Poverty: Social Business and the Future of Capitalism* by Muhammad Yunus

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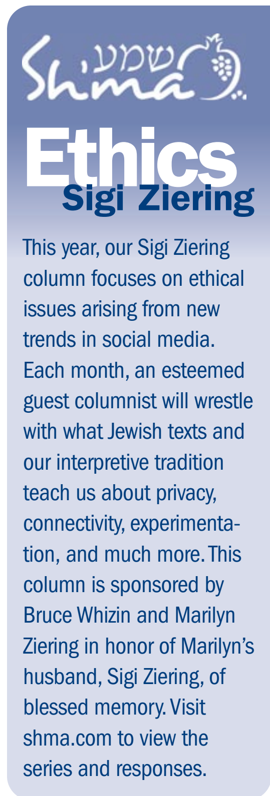

This year, our Sigi Ziering column focuses on ethical issues arising from new trends in social media. Each month, an esteemed guest columnist will wrestle with what Jewish texts and our interpretive tradition teach us about privacy, connectivity, experimentation, and much more. This column is sponsored by Bruce Whizin and Marilyn Ziering in honor of Marilyn's husband, Sigi Ziering, of blessed memory. Visit shma.com to view the series and responses.

Rabbi **Dan Medwin** is the Publishing Technology Manager of the Central Conference of American Rabbis. He is involved in the creation and implementation of electronic publishing including *Visual T'filah* (www.visualtfilah.com) for Jewish organizations, synagogues, rabbis, and members of the Jewish community. He is also working actively on the first Reform Jewish prayer book app, and serves as technology advisor and consultant for Reform rabbis. Medwin is regularly inspired and challenged by his wife, Rabbi Lydia Bloom Medwin, and their one year-old daughter, Zimra.

Micro-communities and Prayer

DAN MEDWIN

Can ten or more Jews pray together via the Internet? Is it halakhic? Is it "good" for the Jews? Interpretations of talmudic and halakhic sources have been presented to both support and refute this form of prayer.[1] Rabbi Avram Reisner wrote a *teshuvah* that was approved by the Conservative movement's Committee on Jewish Law and Standards (CJLS), which balances tradition with modernity, concluding that those who join a *minyan* through communication technology (e.g., voice or video) may fulfill their own prayer obligation thereby, but can not count toward the requisite quorum of ten.[2] Since this conclusion affirms the authenticity of a digital prayer experience, why wouldn't the rabbinic body allow ten or more Jews to gather together using similar means from different locations and share an authentic prayer experience?

The CJLS *teshuvah* suggests that the early rabbis mandated a *minyan* in order to build community.[3] Being present in the same physical space strengthens our connections to and compassion for one another; it becomes a foundation of community. For much of history, individuals rarely traveled far from home, and every aspect of their community was defined geographically. Today, however, each individual is a member of a diverse array of micro-communities, some predicated upon physical proximity, and others upon shared interests.

If one can be a member of a prayer community that gathers in the same physical space, while also being a member of a shared-interest community online, can we flip the equation and assert that one can be a member of a prayer community online and be physically present for another type of community? Is it important *why* we gather?

American Jewish author Harry Golden wrote in one of his stories that when he was young, he asked his father a question: "If you don't believe in God, why do you go to synagogue so regularly?" His father answered, "Jews go to synagogue for all sorts of reasons. My friend Garfinkle, who is Orthodox, goes to talk to God. I go to talk to Garfinkle."[4]

Some Jews don't go to shul to pray; they go to join community. Today, there is a renaissance of Jewish venues for being in community around common interests other than prayer. Jews gather regularly to discuss Torah or ecology, to hike or bake together, or to appreciate Jewish music or art — each of which has its own spiritual dimension.

Those who find meaning in online prayer communities likely did not find community in the physical prayer spaces accessible to them. Perhaps they are unable to physically join a community because they are homebound — due to illness or disability — or hospitalized, or living in a rural area in which there is a small or non-existent Jewish community. For these reasons alone, online prayer should be encouraged and cultivated.

More important, online prayer represents a creative engagement with Jewish life that utilizes contemporary social tools, continuing our tradition of adopting the technology around us, from the parchment scroll to bound and printed

continued on page 19

[1] Rabbi Avram Israel Reisner, "Wired to the Kadosh Barukh Hu: Minyan via Internet," (New York: March 13, 2001). Michael Sabani, "In Defense of the Online Minyan," http://punktorah.org/news/in-defense-of-the-online-minyan

[2] Rabbi Avram Israel Reisner, "Wired to the Kadosh Barukh Hu: Minyan via Internet," (New York: March 13, 2001), conclusions one and two.

[3] Rabbi Avram Israel Reisner, "Wired to the Kadosh Barukh Hu: Minyan via Internet," (New York: March 13, 2001), "subsection: "Several Philosophical Considerations"

[4] As retold by Rabbi Harold Kushner in his book *When Bad Things Happen to Good People* (New York: Schocken Books, 1981), p. 122.