



Charity Giving Up, But Donors Wary

Old mistakes create undercurrent of distrust that crimps some of largest US organizations

December 17, 1996

By Debbie Hodges, Staff writer of The Christian Science Monitor

BOSTON

Christmas. The giving season. A time when millions of Americans toss coins into Salvation Army pots and write checks for favorite causes. Yet charities, even successful ones like the American Red Cross, are fighting distrust that is pinching income.

"Some people feel that charities are not honest and ethical," says Daniel Borochoff, president of the American Institute of Philanthropy in St. Louis.

Large organizations are struggling to overcome bad publicity that has shaken public confidence, including revelations of fat salaries and plump expense accounts. Fewer people are giving. And nearly a third of Americans in a recent survey by Washington-based Independent Sector say they disagree with the statement: "Most charities are honest and ethical" In 1993, only 1 in 4 disagreed.

Despite such concerns, there is some good news. Total contributions are up. The 100 largest US nonprofit groups saw revenues rise 10 percent last year to \$22.8 billion, reports The NonProfit Times in Cedar Knolls, N.J. Many organizations,

including the Salvation Army and the Boy Scouts of America, posted big year-to-year increases. Gifts to the nation's biggest nonprofit, YMCA of the USA, rose \$12.5 million.

At some large organizations, however, donations are down. The Red Cross saw public contributions from 1994 to 1995 drop by nearly \$32 million to \$465.6 million. A few groups - among them Project HOPE and the National Wildlife Federation - had declines that dropped them off the Top 50 list.

Beyond such specific cases lies the deeper problem of distrust. A decade of scandals at several prominent organizations - from the United Way to the Episcopal Church - took its toll. And a more general distrust of large organizations, including government agencies and big business, may be rubbing off on the good-works sector as well.

The United Way scandal is still very much "in people's minds even though it's been a long time" since the 1992 fraud conviction of the group's president, says Stacy Palmer, editor of the Chronicle of Philanthropy. Often, Ms. Palmer adds, these incidents are confused with government misdeeds. "People don't know the difference between charities and federal programming."

Unforgiving public

Even as public support remains strong, people want detailed information before they give.

Consider Eunice Toepel.

As a volunteer for charitable organizations, the Appleton, Wis., resident often disagrees with the way they run their day-to-day activities. She says she needs motivation to give to a specific group.

World Vision didn't move her.

When Mrs. Toepel wanted her grandchildren to experience the spirit of giving this Christmas, she called the organization, an international child-sponsorship and relief program, and requested information. But what she received in the mail was a year's commitment to sponsor a child.

She called to correct the mistake, and World Vision graciously canceled the sponsorship. But she says the group never gave her the information she originally asked for.

The incident suggests how wary many givers are, even of groups like World Vision that have long track records and decent ratings by watchdog groups.

"Because of accountability concerns, individuals have become more cautious givers, and if they are all giving in their backyard, they feel more confident," says Bennett Weiner, president of Philanthropic Advisory Service of the Better Business Bureau. He says people want to have more control over where their money is going.

For her part, Toepel says she would rather give to her church, where she knows what her money is being used for.

For many givers, the issue may not be the proximity or the size of the charity but familiarity, says Ann Kaplan, research director at the American Association of Fundraising Counsel. Contributors usually feel more comfortable giving to institutions they know and have regular contact with, such as their college, church, or a charity they have been associated with for most of their lives, she adds.

Charities are trying to rebuild public trust.

At the United Way, new leadership and governance changes have been key in reestablishing accountability after its publicized scandal, says group spokeswoman Ann Smits. United Way, which collects and redistributes money for charity, last year saw donations up 2.3 percent, its biggest gain since 1990.

Even for groups with clean records, accountability is an issue. The National Audubon Society, for example, maintains a comprehensive reporting structure to make sure goals are defined and met.

Experts on giving say the new skepticism is healthy for both sides of the giving equation.

Scrutiny may deter fraud

"People are way too passive about charitable giving. If people care, they will find out more about the organization," says Mr. Borochoff of the American Institute of Philanthropy. Not only will individuals be giving more wisely, but he says their scrutiny may deter future cases of fraud.

Such cases have piled up lately, from an Episcopal Church official embezzling \$2.3 million to the recent fraud indictment of New Era founder John Bennett Jr.

The scandals and skepticism have reverberated all the way to Capitol Hill. This summer, Congress passed the Taxpayer Bill of Rights Amendment 2, which allows anyone to see an organization's 990 form - the document that shows how a group spends its money. The law is not yet in effect, but many groups are complying with it.

For a free copy of the NCIB's "Wise Giving Guide," write to: National Charities Information Bureau, Dept. 501, 19 Union Square West, New York, NY 10003.

For PAS's holiday "Give Wisely" newsletter, send a self-addressed stamped business-size envelope to: "Give Wisely," Council of Better Business Bureaus, 4200 Wilson Boulevard, Suite 800, Arlington, VA 22203.

To get AIP's "Charity Rating Guide and Watchdog Report," send \$3 to: AIP, 4579 Laclede Ave., Suite 136, St. Louis, MO 63108.

Related stories

- **THE EXPLAINER** [It's a wide world of charity out there. Do you know how to navigate it?](#)
- **THE EXPLAINER** [A deluge of giving after China's floods](#)
- **THE EXPLAINER** [Want to donate to a charity? Here's what you should know.](#)

ISSN 2573-3850 (online)

Follow us:



© The Christian Science Monitor. All Rights Reserved. [Terms](#). [Privacy Policy](#).