



December 8, 1982

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

Your Task Force on Private Sector Initiatives completes its designated one-year assignment today. Its mandate is ending successfully as you intended: to report results as opposed to resulting only in a report.

At the very outset please let us thank you for giving, time and again, the power and prestige of your office to our work. Your personal commitment to voluntarism, to encouraging neighbor helping neighbor, has been an inspiration and source of strength to the Task Force.

Throughout the year, beginning with the luncheon you hosted on December 2, 1981 and to this closing luncheon today, you personally supported over 25 White House meetings where you urged leaders from all sections of our society to join with you in finding new ways to meet the needs of America. And we are grateful for your extra effort in visits to cities all over the country where you honored especially innovative and productive private initiatives.

A compilation of your "extra-efforts" support of the Task Force is included in the appendix.

The forty-four members of the Task Force -- a cross-section of political opinion and leadership from academia, business, organized labor, government, foundations, religious, civic and not-for-profit organizations -- devote themselves to being a catalyst to encourage existing organizations, individuals and communities to take leadership roles in finding new and innovative ways to meet the needs of society. All Task Force members made important contributions to this work. I am truly

grateful for their help and support and am particularly indebted to the committee chairs, who offered so much of their time and talent.

By the same token, the staff of the Task Force, organized initially by Dorothy Drummer and guided since March by Jerry Guth, did a remarkable job. Comprised as it was of people on loan from, or underwritten by, a variety of businesses and organizations, the staff "mirrored" the same sense of dedication as the appointed Task Force members.

Starting in November 1981 with 3 loaned staffers, and willing volunteers, and 2 telephones, our offices at 734 Jackson Place soon became a hub of activity and excitement.

To staff each of our committees, to house the data bank, to respond to the opportunities for increasing private initiative throughout the country, we expanded also to all 4 floors, 730 Jackson Place; fourteen telephone lines, 35 loaned or contributed staffers, 40 interns, who processed "Project Bank" forms for the data bank, and literally hundreds of volunteers, many of whom devoted as much as 60 hours per week.

It became the most exciting place to work in town.

With financial contributions from many organizations matched by donations of materials and supplies by many others -- and with Task Force quarters provided by the Department of Commerce -- the entire effort became a show-case example of public/private partnership.

We concerned ourselves with fulfilling the two principal functions outlined in the Executive Order which established the Task Force:

1. Promote private sector leadership and responsibility in meeting public needs.
2. Foster an increased level of public/private partnerships in order to decrease dependence on government.

We adopted five key missions in our role as catalyst:

1. To identify examples of successful or promising private initiatives and partnerships and to give these national recognition in order to promote their broader use.
2. To encourage increased and more effective use of human and financial contribution resources of religious groups, businesses, organized labor, foundations and philanthropic organizations, including more creative use of leadership, management expertise, training and volunteer work.

3. To encourage the formation and continuation of community partnerships -- private organizations working with local government -- to identify and prioritize community needs and then to marshal human and financial resources.
4. To identify government obstacles to private initiative and make recommendations for their removal, and to formulate incentives to inspire and incite the private sector to undertake new initiatives.
5. To contribute to the development of public policy in areas of concern to the Task Force.

In all five areas, we found that success depends on volunteers and the spirit of voluntarism so essential to the strength and progress of our nation.

To carry out the mission of the Task Force we divided work among eleven action committees. All Task Force members were assigned to committees and each acted as an autonomous group in fulfilling its mission. Their respective findings are delineated in committee reports which outline mission and detail results achieved, and are attached to this letter.

The Task Force membership did not seek a consensus statement on such matters as the impact of changes in federal spending patterns, or the proper role of government and of the private sector in meeting the needs of society, or the appropriate role of government and the private sector in support of not-for-profit organizations. This was not our mission.

Neither did Task Force membership, as a body, seek concurrence on each and all reports, or undertake to analyze policy implications for the range of findings and observations offered. One exception is the report of the Contributions Strategies Committee, whose recommendations on goals for both cash and in-kind giving by individuals, corporations and foundations was approved by the full Task Force.

Where we did find consensus was on the importance of reinforcing the volunteer spirit and building partnerships, both important traditions in American history, and both never more needed than today.

We successfully fulfilled our first mission by establishing a computerized project bank. As of December 1, it contained 2,500 examples of how organizations, individuals and communities have met their needs. It has been very helpful to those organizations and communities seeking solutions.

I believe that the project bank should be continued and have formed an ad hoc group of Task Force members to help

determine where best to place it. We have received specific, thoughtful proposals from three private sector organizations indicating their desire to continue, maintain, and expand the data bank.

Because of the great interest in the subject of private initiative and community partnerships, many institutions have issued comprehensive studies in the past year, such as the Committee for Economic Development and SRI International. The Task Force commends particularly the report by the American Enterprise Institute, Meeting Human Needs: Towards a New Public Philosophy, which was commissioned by you in June 1981. It is an outstanding work and has been extensively used by the Task Force.

In addition to promulgating strategies for giving, and to joining with Independent Sector in funding an Advertising Council campaign on voluntarism, we stimulated the formation of State Task Forces by 42 Governors, encouraged several hundred national organizations (religious, civic, trade and professional, organized labor, academic, business, not-for-profit) to add private sector initiative to their work agenda, and identified impediments which deter private initiative action, and incentives which might be used to encourage job creation and job training.

- The Marshalling Human Resources Committee, assisted by leaders from twenty-one national volunteer organizations, has published Volunteers: A Valuable Resource, Prepared for Policy Makers. Also, it brought fifty youth volunteers from more than thirty communities to Washington, D.C. to meet with you personally. Your inspiration resulted in their returning home committed to new collaborative youth volunteer initiatives in 1983.

The Community Partnerships Committee has published "How-To Guides" to stimulate development of community partnerships, and is publishing an outstanding book entitled, "Investing in America." Their efforts focused particularly on the need to cut across the lines between public and private, between for-profit and not-for-profit institutions. Outstanding examples of these are contained in the Journal of Community Action autumn issue, which is devoted exclusively to partnerships. It was published jointly by the Task Force and the Center for Responsive Governance. There are literally thousands of public/private partnerships now in existence or being formed throughout the country.

The Committee on Government Liaison has worked closely with all major departments and agencies, first to determine private sector initiative activity, and second, to encourage greater sensitivity in all policy making matters to private initiative and public/private partnership potential.

Mr. President, we have found new commitment by both private and public sector leadership to work in partnership. There is an exciting opportunity for this initiative, creativity, and commitment to be joined with local government in finding new ways to meet needs.

Nowhere was this better illustrated than in the work of the Communications Committee, which developed scores of these stories for print and broadcast media.

More than 70 television stations stressed these themes in both news and feature programming.

The videotape which you, Mr. President, made specifically for the Task Force, was used widely on television and in our speaking appearances across the country.

Hundreds of newspapers featured the "Brighter Side of Today's News" human interest stories, and these continue to be run in scores of association and company magazines.

Pat Boone's musical theme, "Lend a Hand, America," and the feature stories which he recorded, have been distributed to some 5,000 radio stations.

As the Task Force phases out its activities, I recommend:

1. That the Task Force Executive Order be permitted to expire on December 31, 1982.
2. That you continue to articulate the need for increased private sector initiative in every aspect of our nation's life and that you continue to urge all community leaders to join in local partnership as a most effective way to meet the needs of the community.
3. That there be created an inter-agency committee chaired by a cabinet officer. This group would:
  - a. Encourage increased sensitivity in policy-making to impacts on initiative, voluntarism, and private sector involvement.
  - b. Encourage cabinet initiatives which increase agency reliance on the private sector and public/private partnerships, in program development and implementation.
4. That the White House Office of Private Sector Initiatives be strengthened and that the Special Assistant to the President for Private Sector Initiatives be the focal point for federal government initiatives in this area.

5. That you create a Bi-Partisan Advisory Council on Private Sector Initiatives, comprised of no more than 15 distinguished individuals. This new Council should meet regularly with you to review private sector initiative goals and objectives for your Administration.

The Task Force is grateful for your inspiration and support. We especially thank Mike Deaver, Jim Rosebush, Jay Moorhead and Michael Castine for their support.

We conclude our work, Mr. President, where we began, with the preamble of our mission statement: "The greatness of America lies in the ingenuity of our people, the strength of our institutions, and our willingness to work together to meet the nation's needs."

Sincerely,

C. William Verity, Jr.  
Chairman

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## MODELS COMMITTEE

Chaired by: William J. Baroody, Jr.

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John W. Gardner  
The Reverend E. V. Hill  
Henry Lucas, Jr.  
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### MISSION STATEMENT

To identify, describe, and analyze exemplary models of private sector initiatives, to determine their distinctive characteristics, and to develop appropriate case studies.

### STRATEGY

1. To identify exemplary models in specified categories, and to seek such examples from other Task Force committees.
2. Utilize the resources of existing institutions and structures rather than establishing parallel or redundant systems, and rely on existing institutions to authenticate models.
3. Encourage existing institutions to develop their own internal system of identifying and disseminating examples of exemplary models in their own sectors.
4. Cooperate with government agencies, departments, and institutions in establishing a system of model identification.

5. Prepare a draft report enumerating exemplary models, in a format and style suitable for publication by the Task Force as a brochure for widespread distribution.

### ACTION

The committee inquiries revealed that no precise "models" of private sector initiatives exist as described in the original mission statement. Rather, there are countless individual success stories, but each is unique to its own setting. No single model can be borrowed, in toto, from one community and adopted in another. Any single example or illustration must be retailored for its new setting.

There are, however, tactics and strategies for change which can be usefully studied, which transcend community differences.

Instead of consensus about models or issues, then, the committee commends processes, tactics, and strategies for change tailored to the special needs of each community. Several recent major studies make this point. The Committee for Economic Development (CED) has brought its work on partnerships to a conclusion by releasing the case studies volume in mid-September, following the release of the CED policy statement last spring. As well, SRI International has completed important work in this field. The American Enterprise Institute released a comprehensive book, Meeting Human Needs: Toward a New Public Philosophy. Other productions include the KAKE-TV series on private sector responses to human problems, and Independent Sector's 28-minute movie.

Also, the Incentives Committee has produced a first-rate slide show which will be of great interest to a wide variety of audiences; the project bank has been a useful source of information for interested parties; and the Task Force book, Investing in America, promises to be a helpful tool.

### FINDINGS

1. The committee agrees that the Task Force will have finished its work by December and should then expire. It also believes that the momentum established in this past year should be maintained.

The President should be encouraged to institutionalize this initiative in a small but important way. He might consider establishing a standing Cabinet-level committee run by the Vice President, or he might think of appointing a small group of advisors from the private sector to meet with him on a regular basis.

In any case, the best judge of an effective way to continue this work is the President himself. This is to relay to

him the committee's enthusiasm for continuing it in some form.

2. A remaining outstanding question is that of a "home" for the project bank. Proposals have been received from several organizations and are under consideration.

### CONCLUSION

The members of the Models Committee are pleased with the progress made this year. Public awareness has been greatly increased; scholarship in this important area has expanded; media coverage has enlarged and promises to continue; and the White House should continue to be a focus and leader in marshalling private sector resources and energy in our quest to improve the quality of American life.

## IMPEDIMENTS COMMITTEE

Chaired by: Representative Barber B. Conable, Jr.

Members: Kenneth N. Dayton  
The Reverend E. V. Hill  
Michael S. Joyce

### MISSION STATEMENT

To identify impediments which prevent or retard the maximum use of private sector initiatives in the United States.

### INTRODUCTION

The Committee recognizes that it is often impossible to draw a clear distinction between impediments and incentives. This report's focus is on the identification of areas of public policy where changes could be made that would release or encourage greater private sector initiative than already exists. Throughout the report, the concept of "impediment" will be used in a broad sense.

We contacted many of those who have been actively involved in a variety of private sector activities -- tax-exempt organizations, private foundations, corporations and banks, churches, government officials, volunteer groups, public policy analysts and scholars. This report is based largely on the impediments they brought to our attention and their suggestions for removing barriers to voluntarism, public/private partnerships, charitable endeavors and other forms of private sector initiative. In a few instances, a remedy may be straightforward and self-evident. In many, where it is not, we do not try to suggest specific policy changes. We hope, however, that others both within the Administration and without will study the identified areas and make concrete proposals for change encouraging private sector initiative.

It was brought to the attention of the Committee that many serious impediments to private sector initiative are not the result of laws or regulations but, rather, involve attitudes and motivations on the part of individuals and organizations. Many of these "attitudinal" impediments involve basic questions of the respective roles of government, nonprofit entities, and for-profit activities. Often, mutual distrust or concern over the flow of funding from one to the other prevents a full exploration of possibilities and options for new divisions of responsibilities. Little attention is given, for example, to seeking private sector alternatives for accomplishing the purposes addressed by government programs.

Dealing with these impediments based on attitude, motivation, and tradition requires fundamental shifts in economic activity and human behavior. The Committee, while acknowledging that these impediments exist, chose to focus its attention on impediments which could be resolved through specific legal or regulatory changes.

#### I. Definition of impediments and incentives:

A law or regulation need not totally stifle private initiative in order to impede it. An impediment can be viewed as a behavior, rule, regulation, or law which increases the costs, reduces the potential benefits, increases the risk or precludes a specific strategy of private sector initiative. Of course, it is possible for an impediment to prevent private sector initiative altogether -- as appears to be the case with the law which currently prohibits volunteers from serving in federal agencies unless an exception has been specifically legislated. Conversely, a behavior, rule, regulation, or law which permits, encourages, increases the potential benefits, or reduces the cost or risk of a private sector initiative is considered to be an incentive.

Impediments and incentives at the federal level receive most of the attention in this report; they are most readily identified and impact activity on a nationwide basis. A few specific impediments have been identified at state and local levels. There are, undoubtedly, many more which parallel federal impediments, as well as some which are unique to the laws and regulations of individual states. The Committee has communicated with the state level private-sector initiative task forces to urge them to replicate this examination of impediments and incentives.

In summary, the Committee's focus has been on the identification of substantive legal or regulatory impediments at the federal level. No attempt is made to recommend action on specific impediments.

II. Private sector initiatives face no overwhelming, major impediments:

The United States has enjoyed a lengthy, rich and diverse tradition of private initiative, voluntary association and creative cooperation among its citizens to solve mutual problems and meet common needs. This enduring tradition is evidence that no insuperable barriers or legal impediments exist which preclude a continuation of this type of activity.

Generally, where there is motivation and strong determination that a particular private sector initiative be undertaken, those involved have usually found a way to succeed.

Failures of specific initiatives do occur -- for lack of proper or sufficient motivation, insufficient resources, lack of community support or perceived need -- but the Committee believes that the climate in the United States today continues to encourage and favor private initiatives, voluntarism and non-governmental approaches to problem solving.

Therefore, the impediments discussed in this report, while burdensome to specific projects, do not constitute insurmountable barriers that preclude private sector initiative in general.

III. - Prevent creation of new impediments:

Before addressing existing impediments, the Committee wishes to stress the importance of not creating new impediments inadvertently as programs and policies are developed by government.

It is therefore suggested that: - Policymakers at every level of government should review and study the possible consequences on private sector initiatives of proposed policy initiatives prior to their implementation.

Many policy changes are motivated by factors which have little or nothing to do with fostering private sector initiatives. However, while keeping these principal aims or motivations in mind, it is still possible to assess whether a particular proposal would help or hinder private sector initiative compared with one or more alternative approaches, and to consider ways that basic policy thrusts could be modified to create a climate favorable to private sector initiative.

Examples of broad public policies currently being debated which have potential impediments for private sector initiative are:

- Flat or consumption-based income tax: while recognizing that broad changes in the tax structure must be judged by many other standards, what would be the impact on charitable contributions and could these

methods of taxation be adjusted so that they would not decrease such contributions?

- New Federalism: what impact would reallocating government responsibility for meeting human needs have on nonprofit groups involved in helping the needy?
- Repair of infrastructure: what would be the impact of decisions relating to the repair, relocation or closing of roads, bridges, schools, public housing on the sense of community and neighborhood identification and solidarity which propel many private sector initiatives?
- Minimum wage: what would be the impact on state or federal decisions to increase minimum wages on the employment of youth, trainees and others who private sector initiatives often try to help?

The Committee is NOT recommending that a formal study or exhaustive impact analysis be launched every time a new policy is considered. However, it suggests that just as policymakers attempt to assess the impact of proposed changes on the economy, the environment and on families, some thought be given to what the potential impacts on private sector initiatives might be and how any possibly negative impacts could be avoided.

One example of this occurred during the consideration of The Economic Recovery Tax Act of 1981. It was realized that the full operation of the new rules for depreciation of capital assets would mean that some corporations would show reduced taxable income on their ledger books. If the limit on deductibility of corporate charitable contributions had been left at five percent, this would have meant that at least a few corporations with aggressive philanthropic programs would have to have reduced their contributions in order to stay within the allowable limit. Therefore, the limit was doubled to 10 percent -- not because anyone expected corporate contributions to double, but merely to prevent other changes in the law from having an unintended, negative impact on existing patterns of charitable giving.

It should be noted that another of the major changes in this same legislation, reduction in individual income tax marginal rates, increased the cost of individuals' charitable contributions and, therefore, has probably reduced their rates of giving. In this case, although this effect was perceived while the bill was under consideration, the main thrust of the tax-cutting legislation was felt to be of primary importance, despite its probable impact on contributions.

#### IV. The Crucial Role of a Strong Economy:

The Committee wishes to emphasize that a strong economy constitutes the greatest incentive to private sector initiative. None of the specific impediments identified below begins to match the negative effects of a weak economic climate on stifling private sector initiative, be it charitable contributions, the development of public/private partnerships, the creation of the jobs and income that reduce the need for philanthropy or the development of creative alternatives for meeting needs in the private sector.

#### VI. Specific Impediments and Incentives:

A great many individuals and organizations identified for the Committee specific impediments and needed incentives which they have encountered in trying to foster private sector initiatives. These impediments and incentives are listed below as they affect several areas of private sector initiative: contributions by individuals, volunteering, tax-exempt organizations, private foundations, and for-profit corporations. This abbreviated version of the Committee's report contains only an inventory of major items brought to its attention. A longer version of the report and an appendix contain further details and are available as separate documents. However, in no instance does the Committee make action recommendations concerning specific impediments or incentives.

No member of the Impediments Committee necessarily agrees that every item discussed below should be part of an agenda for future action. The listing is based on responses from people actively involved in fostering private sector initiatives and, as such, reflects their experience and opinions as to barriers they have encountered in pursuing specific projects and programs.

The Committee stresses that it is not necessarily advocating a specific legislative or regulatory response to these impediments and incentives. Instead, it urges that these areas be reexamined to determine whether the original rationale behind the existence of these impediments outweighs the problems they create for private sector initiatives.

##### A. Contribution of funds by individuals

1. Make the above-the-line income tax deduction permanent for charitable contributions. Government and interested groups should continue to make taxpayers aware of this new deduction for people who do not itemize their other deductions.
2. State income taxes should lower the cost of giving by recognizing charitable contributions by taxpayers who

do not itemize deductions. Such a change was recently enacted in California.

3. Increase the limitations on the percent of income which can be claimed as a charitable deduction.
4. Consider policies which would permit individuals to make charitable contributions of Series E savings bonds, IRA's and Keough accounts, such as removal of the penalty for liquidating IRA funds before age 59-1/2.
5. Bargain sale provisions. Under pre-1970 tax law, a taxpayer might have an improved case position as a result of contributing appreciated mortgaged property to a charitable organization. Under current law, it is no longer advantageous to do so. This impediment might be alleviated by revising the law to tax only 25 percent of the cost of such a donation.
6. Contribution of artistic works. Tax treatment of gifts made by artists of their own works discourages such gifts to museums, galleries and educational institutions in the United States where they would be accessible to the public.
7. Charitable trusts. Several tax impediments to the creation of charitable trusts have been identified. These include the uncertainty as to the right to reform defective trusts under certain circumstances, the 20 percent limitation on the percentage of adjusted gross income which can be deducted for the creation of a trust, and the lack of a carryforward provision.

#### B. Volunteers

1. Federal law currently prohibits federal agencies from permitting volunteers to contribute their services, unless a statute has been enacted specifically exempting the agency from this provision. Those agencies which have been permitted to use volunteers, the SBA, Forest Service, and Savings Bond program, for example, have found that volunteers contribute importantly to accomplishing agency functions. Consideration should be given to lifting this blanket government-wide prohibition on volunteer services.
2. Members of civic and charitable associations are not permitted to place unstamped mail in residential mail boxes. Permitting such a practice might help these organizations mitigate the impact of high postage rates.

3. Accounting methods used by the Federal Government in calculation of amounts to be reimbursed under grants or contracts have the effect of penalizing organizations for the heavy use of volunteers.

### C. Tax-exempt organizations

#### 1. Nonprofit organizations

##### Qualifying for tax-exempt status:

- a. An organization involved in channeling funds to low income, deteriorating communities has found that it might be in violation of the requirements for tax-exempt status because it assisted for-profit businesses which provided a mainstay for revitalization efforts, and because it assisted housing which included an economic mix of residents. Rulings in this area appear to be contradictory, and it is believed that clarification of permissible activities might spur innovative revitalization efforts.
- b. Nonprofit organizations caring for infants and school age children during out-of-school hours have experienced extraordinary difficulty in qualifying for tax-exempt status because they could not show they were organized and operated exclusively for educational purposes, as required. It has been suggested that the provision of these types of services would be facilitated if the definition of tax-exempt organizations were expanded to include work-related dependent care.
- c. The rules governing whether an organization qualifies as a public charity require that at least one-third of its annual contributions come from broadly based public contributions, fees, admissions and so forth. This requirement jeopardizes the organization's status if it accepts large contributions, the income from which would reduce its public contributions to less than one-third. This in turn discourages efficient means of husbanding and distributing funds for charitable purposes.

##### Providing services:

- a. State and local zoning laws, health, fire and safety regulations pertaining to neighborhood- and home-based daycare for children, handicapped and elderly individuals are often based on requirements intended for residential institutions and

large schools. The expense of complying with these requirements prevents some care facilities from operating even though the safety and well-being of those in care is well protected and leads others to operate outside the regulatory structure.

- b. Grants by charitable organizations to needy individuals who receive Supplemental Security Income (SSI) payments from the federal government are counted against the benefits received by those individuals. An unintended consequence of this rule is that charitable organizations quickly learn not to extend assistance to SSI recipients, even though the needs of these people are often in excess of the support provided under the government program.

Financing:

- a. Late payments of federal funds (by federal agencies or by state agencies on a "pass-through" or block-grant basis) sometimes force nonprofit grantee agencies to borrow, at high rates of interest, to cover cash-flow requirements until the federal payment arrives. However, these interest costs are not reimbursed by the government and must be absorbed by the grantee agency. This reduces the funds available for their charitable purposes and makes it difficult for them to plan for and allocate their funds on a reasonable basis.
- b. Postage rate increases for nonprofit third-class mail has reduced the ability of many charitable organizations to generate income and carry out their functions.
- c. State and local regulations regarding charitable solicitation within state boundaries were enacted to safeguard against fraud and deception. Unfortunately, these well-intended laws have made it difficult for reputable national organizations to comply with the patchwork of different requirements in each state.
- d. Charitable tax-exempt organizations are taxed on income from debt-financed properties (mortgaged real estate) held in their portfolios. This deters them from purchasing real estate as an investment or from holding such property received as a gift, even though the return on such property might be more attractive than that of other investments.

## 2. Foundations

- a. The 2 percent excise tax on private foundations generates revenue far in excess of amounts spent by the IRS to monitor tax-exempt organizations and diverts funds away from charitable purposes.
- b. Community foundations are required to obtain at least 10 percent of their support from public contributions in order to maintain public charity status. This, in effect, penalizes community foundations for their earlier success in attracting contributions. As the value of the foundation's endowment and that of endowment income increases, it becomes more and more difficult to attract sufficient annual contributions to meet the 10 percent test.
- c. It has been alleged that a major factor in reducing the "birthrate" of new foundations, and discouraging the flow of additional funds into the foundation field is the prohibition under current law of excess business holdings. In summary, these rules provide that a private foundation cannot hold more than 20 percent of a corporation's voting stock, less the percentage owned by all disqualified persons. Should a foundation acquire excess business holdings as a result of the receipt of a gift, bequest or corporate merger, the foundation must dispose of such holdings within five years or incur severe penalties. This places such a foundation at a substantial disadvantage in negotiating with prospective purchasers who may prolong negotiations in the hope of obtaining a lower price as the deadline pressures on the foundation increase. Faced with the prospect of a forced sale, many potential donors simply decide against making a gift of closely held stock to a foundation.
- d. Private foundations are not allowed to rely on IRS rulings as to a grantee's public charity status. This forces the foundations to expend their resources in order to make these determinations on their own, thus resulting in less funds available for charitable purposes.
- e. Donors to private foundations may not deduct the fair market value of contributions of appreciated property without adjustment for capital gains tax unless the foundation distributes 100 percent of all their contributions to qualified charities within 2-1/2 months after the end of the taxable

year of the donations. This means a foundation must be certain of selling all the properties it receives in order to fund its distributions within the same year. These requirements are too rigid in the case of real properties subject to market uncertainties to permit a substantial contributor to fully fund its foundation with appreciated properties and, therefore, may reduce the amount contributed.

- f. The penalties and sanctions on both public charities and private foundations for relatively minor infractions need to be reviewed. In the case of private foundations, a multi-level set of penalty taxes have sometimes created problems for smaller foundations which lack the resources to retain adequate legal counsel. Public charities' violations are sanctioned by the loss of their tax-exempt status altogether; a punishment which may be too harsh to match minor violations.
- g. Presently, only one of four eligible candidates for corporate-related foundation scholarship programs may receive an award. This "25 percent test" was devised by Congress to prevent corporations from funneling compensation to their employees through educational scholarships to their children. These limits restrict the freedom of company foundations to engage in a charitable activity of broad benefit to the community.
- h. The law and regulations pertaining to private foundations impose severe restrictions on the relationships that may exist between a foundation and its "disqualified persons." Violations of these restrictions trigger substantial penalty taxes. Some foundations have literally hundreds of disqualified persons and must spend considerable administrative funds to track their investments and corporate and business involvements in order to avoid transactions prohibited between the foundation and disqualified persons. This rule can impose a substantial administrative burden on private foundations, the magnitude of which increases geometrically with each passing generation.

#### D. The For-Profit Sector

- 1. Private pension funds: The prudence standard, the "solely in interest" test, and the "exclusive purpose" rule under ERISA are not in and of themselves deter-

rents to socially sensitive pension fund investment. These rules appear to allow the fiduciary flexibility to consider such investments within the pension plan philosophy that the participants' assets are set aside for investment for their future benefit, which itself satisfies a social purpose. To advocate liberalization of such provisions would undermine the basic tenets of pension plan regulation.

2. The enterprise zone concept should be considered as one means of responding to the plight of distressed urban and rural areas. Phased implementation of the concept on an experimental and limited basis would permit development of the information and experience needed for full-fledged implementation.

## GOVERNORS COMMITTEE

Chaired by: Pierre S. du Pont

Members: Luis A. Ferre  
Robert D. Lilley  
Robert Mosbacher, Jr.  
George W. Romney  
Alexander B. Trowbridge  
Thomas H. Wyman

### MISSION STATEMENT

The mission of the committee was to enlist the Governors of each state and American territory to take the leadership in encouraging greater involvement by private citizens and institutions in the solution of public problems.

### STRATEGY

The committee sought to encourage establishment of private sector initiative task forces at state or territorial level. While each state task force would set its own priorities and activities, the committee suggested that the state task forces promote the formation of community partnerships; seek to eliminate impediments; create incentives, and initiate an awards program.

### ACTIONS

In mid-February at a meeting with the National Governors Association in the White House, President Reagan and Task Force Chairman Verity asked the Governors to lend support to the private sector initiative concept and the mission of the Task Force.

On March 3, President Reagan wrote all Governors asking them to form private sector initiative task forces in their jurisdictions. He requested five specific actions:

1. That the statewide task forces be composed of 30-50 individuals of which two-thirds should be drawn from the private sector.
2. That the Governors serve as co-chairmen of the task forces and be engaged actively in their formation.
3. That the Governors, as appropriate, consider formation of regional or municipal task forces.
4. That the Governors work with the national Task Force on Private Sector Initiatives in applying successful examples of private sector initiatives to community problems.
5. That the Governors adopt the following objectives for their statewide task forces:
  - o Promoting the formation of community partnerships;
  - o Identifying governmental impediments and recommending incentives;
  - o Creating a program to recognize outstanding examples of private sector actions and focusing attention on those models which could be replicated.

On March 24, Governor du Pont wrote the Governors, stressing:

1. The Private Sector should not only include the business community but also voluntary organizations, civic and religious groups, organized labor, educational and philanthropic institutions, and service clubs.
2. The President's bi-partisan Task Force had been commissioned to enlist the active involvement of these private sector groups by working throughout the nation to establish community partnerships.
3. Governors, as "first citizens," are in a unique position to help focus public attention on privately sponsored efforts.
4. That statewide task forces be convened -- designed to recognize existing private sector initiatives as well as to encourage the formation of new ones.

Governor du Pont attached a memorandum from the President's Task Force suggesting a possible model and guidelines. It addressed five main concerns: Rationale for a Governor's Task Force; How to Create a Governor's Task Force; Suggested

Function of a Task Force; Issues for Consideration; and Possible Committee Structures.

From that point on:

1. The Chairman of the Task Force met with or called individual Governors.
2. The Executive Director and staff spoke at appropriate conferences around the country and in the territories, and the Task Force staff worked with appropriate contact points throughout the nation and territories to stimulate interest and act as a catalyst in this effort.

On August 23, the Task Force staff met with Governors' aides in Washington to discuss examples of existing organizations or organizational problems.

Each state representative was given a comprehensive binder of materials illustrating specific examples of what other states had done in the private sector initiatives area. Contact persons in Governors' offices and in national organizations were included in the packet, as well as a chart giving the status of the activity within each state.

#### THE RESULT

Forty-two Governors have either formed or are in the process of forming statewide task forces or private sector mechanisms within their respective states.

#### CONCLUSIONS

1. That a concentrated effort should be continued to encourage the remaining Governors to establish task forces.
2. Governors should be encouraged to sponsor seminars aimed at the development of community partnerships and the promotion of voluntarism.
3. Regional Governors' Associations should consider setting up regional task forces as links among the state task forces.
4. Each Governor should be encouraged to include youth representatives among appointees, with full participation.

LIAISON WITH NATIONAL ORGANIZATIONS COMMITTEE

Chaired by: John H. Filer

Members: William R. Bricker  
Walter G. Davis  
John Gardner  
Andrew C. Sigler  
Alexander B. Trowbridge

MISSION STATEMENT

To encourage a broad range of national organizations to support private sector initiatives and public/private cooperative efforts in their national policy agendas through the activities of their local affiliates.

STRATEGY

The committee sponsored five meetings at the White House, at which President Reagan acquainted various national organizations with the missions and objectives of the Task Force on Private Sector Initiatives, and solicited assistance in carrying out these objectives. The meetings were conducted with:

National Community, Service, Religious Organizations	March 24
Religious Leaders, Organizations	April 13
National Civic Organizations	April 27
Broadcasting Organizations	May 5
Trade Associations	September 14

## RESULTS

Five hundred and fifty leaders of national organizations attended one or more of the five meetings at the White House. One hundred forty-four responded to a followup inquiry regarding activities undertaken as a result of the work of the committee. Activities undertaken by national organizations were:

- 23 adopted board resolutions supporting the Task Force in general and committing resources to achieving the activities advocated by the committee;
- 17 held conferences, meetings or workshops to familiarize their membership with private sector initiatives;
- 6 established clearinghouses or data banks to assist members and affiliates in their private sector initiative activities;
- 5 initiated private sector initiative awards or recognition programs; and
- 44 highlighted private sector initiatives in their newsletters and publications.

In addition to this activity, several business organizations including the American Bankers Association, American Bar Association, American Business Conference, Business Roundtable, National Association of Broadcasters, National Association of Manufacturers, National Federation of Individual Businesses, and the U.S. Chamber of Commerce are examining ways of institutionalizing their ongoing programs for keeping private sector initiatives before their members and affiliates.

## RECOMMENDATIONS

The National Organizations Committee, realizing that the work of national organizations is essential to the effective perpetuation of the work of the Task Force, recommends the following:

- o A Presidential commendation for national organizations which undertake activities resulting in private sector initiative activity by their members and affiliates. This commendation should simultaneously recognize a national organization and one or more of its local affiliates or members.
- o The White House Office of Private Sector Initiatives should be continued as the principle link between the White House and national organizations.
- o The leaders of national organizations that have been active in the work and activities of the Task Force

should collectively examine the feasibility and value of creating an inter-organization committee to assist national organizations to continue and expand on the activities begun as a result of the work of the Task Force.

- o Governors and major national organizations should establish awards to honor local organizations which support the development and activities of local partnerships.

## LIAISON WITH GOVERNMENT OFFICES COMMITTEE

Chaired by: Jean L. Harris

Members: William R. Bricker  
Senator Dave Durenberger  
Dee Jepsen  
Robert Mosbacher, Jr.  
Thomas W. Pauken

### MISSION STATEMENT

To coordinate the work of the Task Force with private initiative programs conducted by federal departments and agencies, and to serve as liaison in presenting Task Force recommendations on incentives, impediments and other policy proposals to appropriate government officials.

### STRATEGY

Working with the White House Office of Private Sector Initiatives, to undertake a Cabinet Program on Private Sector Initiatives. The President informed the Cabinet of his personal interest in the program and asked the agencies to review programs and procedures with a view toward stimulating private initiative and to establish a senior-level point of contact for private initiative activities.

### RESULTS

More than 40 departments and agencies provided information on some 480 programs or projects with private sector implications. Some examples:

Creating a mechanism for private sector initiatives:

- o The Secretary of the Department of Health and Human Services established a Working Group on Private Sector Initiatives with representatives from all the major agency components and chaired by the Undersecretary. The objective was to expand public/private partnerships which address health and human service needs and involve the regional offices of the department in promoting public/private collaboration.
- o The Department of Education has a 16-member working group to coordinate private sector initiative activity, with established contacts in departmental and regional offices.
- o The United States Information Agency uses the Office of Private Sector Programs to coordinate 14 committee efforts, and Peace Corps has established an Office of Private Sector Development. The Office of Volunteer Liaison -- Public/Private Partnership has the mission of promotion of private initiatives for ACTION.

The following are some specific techniques which agencies are using to promote private sector initiatives.

"Seed-money" and "pump priming" grants: The use of grants to leverage increased private sector involvement is evident in some agencies.

- o Health and Human Services makes child welfare services grants to those states providing for the use of volunteers as program components. The Transportation Department is also looking at ways for the Urban Mass Transportation Administration to encourage grant recipients to engage in ventures with the private sector.
- o The Department of Energy is making planning grants available to foster collaboration between industry and minority universities to facilitate entry of minorities into the energy industry.
- o In the area of contracting, the Departments of Transportation and of Defense are considering "profit-sharing" arrangements with contractors who finish work ahead of schedule or other similar improvements.
- o ACTION selected a few key areas in which the private sector initiative approach is especially effective, and is concentrating its demonstration grants, Older American Volunteer Programs and other programs in those areas. They include: refugee resettlement and assimilation; the Vietnam Veterans Leadership Project,

which encourages veterans to assist those with problems: literacy; drug abuse; particularly the "parents' movement"; runaway youth; citizen crime prevention; and community development on the "enterprise zone" model.

Recognition Programs: Several agencies reported on awards and recognition programs ranging from individual to program-wide commendation.

- o In particular, the Department of Housing and Urban Development established a new National Recognition Program for partnerships utilizing Community Development Block Grant (CDBG) funds.
- o ACTION administers the annual President's Awards for Voluntary Action. Health and Human Services and the U.S. Department of Agriculture sponsor annual awards to recognize service by volunteers. The Small Business Administration annually honors business councils. The director of the Federal Bureau of Investigation has a more aggressive program which recognizes 20 citizens each month for outstanding contributions to law enforcement.

Procurement and privatization: Procurement of goods and services is a constant interaction between government and the private sector. Operations must be reviewed constantly to ensure that government is not producing items at a greater expense than for which they could be purchased, and/or that the purchase process is yielding the best goods and services for the money spent.

- o In its effort to strengthen Defense programs, DOD is seeking wider private sector participation and competition in its buying activities. Action is underway to streamline the procurement process and help local communities and economically disadvantaged groups achieve a larger share of defense business.
- o The Small Business Administration, Energy and Housing and Urban Development have initiatives to ensure and encourage small and minority business participation in procurement activity.
- o Many agencies are looking toward spinning off programs to the private sector where it can be demonstrated that those programs can be run more efficiently and effectively. For example, at the Department of Commerce:

-- The National Technical Information Service example is being considered for privatizing. The

center is the central source for the public sale of government information needed by business for innovation and decision-making.

-- The Secretary of Commerce and the National Oceanic and Atmospheric Administration have as a major objective the turnover of the Landsat earth satellite program to the private sector.

-- The Department is also considering spinning off to the private sector selected specialized weather forecasting programs such as fruit frost prediction. In addition, the National Advisory Committee on Oceans and Atmosphere is studying user-fee and private sector takeover options for the National Weather Service.

- o Limited privatization is occurring within other agencies. For example, the National Credit Union Association and Federal Emergency Management Agency are exploring ways to allow private insurance to replace government insurance in several cases. The General Services Administration is planning to lease unused space. Interior is looking at private operation of camp grounds, and the Veterans Administration wants to increase private participation in caring for its 106 national cemeteries.

Volunteers: One of the most successful techniques for increasing service delivery while limiting expense is the utilization of volunteers. Throughout the federal government, many volunteers are being utilized in the delivery of human services.

- o Medicaid screening, counseling, transportation, readers for grant processing, aging and nutrition services, phone answering, babysitting, childhood immunization programs, VD hotlines, surrogate mothers, runaway youth aid, and daycare are just a few of the ways in which the Department of Health and Human Services has been able to utilize volunteers. In their report Health and Human Services, in conjunction with ACTION, identified over 760,000 volunteers involved in their programs.
- o The Department of Justice encourages volunteers in crime watch programs and in working with troubled youth. Several bureaus of Interior have volunteers cleaning and maintaining trails, working on campsites, and supervising recreational activities. The Small Business Administration uses volunteers to assess damages at disaster areas and as technical advisors, helping small businesses. Treasury uses some volunteers to help the elderly file tax returns and to help sell savings bonds.

Legislative and regulatory relief: Many federal agencies and departments identified legislative and regulatory impediments to private sector initiatives. While some steps are being taken within the agencies to remove some impediments, others are common to several agencies and deserve Executive Branch consideration.

- o State and federal laws which prohibit the use of volunteers.
- o The unavailability of Workmen's Compensation to cover volunteer workers.
- o The question of tort liability relating to the actions of the volunteers.
- o Health and Human Services and General Services Administration are evaluating the potential for legislation which would revise the Public Benefit allowance authority to permit donations of surplus federal property to a broader spectrum of nonprofit and profit organizations involved in volunteer activity.
- o The use of voluntary approaches to regulatory compliance, such as compliance bubbles which allow plants to exceed Environmental Protection Agency emission standards for less control in other plant operations.
- o The revision of regulations to permit the use of federal buildings and facilities for other purposes by voluntary organizations during their nonuse.
- o The amendment of Title II of the Federal Credit Union Act to allow private sector insurance companies to serve as an alternative to the Federal Insurance Program for credit unions.

The review of agency and departmental efforts in the area of private sector initiatives reveals a substantial amount of effort. However, much more needs to be done to ensure that federal agencies develop policies aimed at encouraging public/private collaboration.

The review also shows that the efforts are fragmented and uneven among the Cabinet agencies and departments. Moreover, no mechanism exists to replicate the successful agency activities, nor to exchange such information among them.

#### RECOMMENDATIONS

- o The President should be encouraged to establish a Cabinet Council Group on Private Sector Initiatives to provide policy guidance to an Interagency Working

Group on Private Sector Initiatives. Both organizations should be supported by the White House Office on Private Sector Initiatives. Membership should come from the relevant agencies and departments.

- o Departments and agencies should identify opportunities for the increased use of volunteers in their programs using the model of Health and Human Services, the Veterans Administration and ACTION.
- o Departments and agencies should use discretionary funds both at the programmatic and Secretary's level to encourage private sector initiatives. Small "seed money" and "pump priming" grants demonstrate a commitment to private sector initiatives that goes beyond conferences and technical assistance. This does not require increased overall funding, but merely a reallocation of a portion of already appropriated funds. Ongoing categorical programs that were not redrafted legislatively because they were scheduled for elimination, e.g., the Labor Department's Title V program, should now be managed with greater attention toward their private sector initiative potential.
- o Discretionary and program funds should also be made available for interagency and cooperative agreements in support of private sector initiatives. Discretionary funds should be used to enable strong nonprofit programs to replicate their activities, not merely to demonstrate the possibility of such replication. "Seed money" grants can be used both to defray some operating expenses and to encourage a program's private sector initiative components, e.g., an expanded use of volunteers.
- o Categorical programs should be examined to see if their legislative authorization can be reoriented toward the private sector, in the manner of the increased role of PICs (Private Industry Councils) in the new employment and training legislation.
- o Each agency and department may wish to establish an awards and recognition program for its employees involved in exemplary volunteer work or private sector initiative activity.
- o Departments and agencies should identify programs that could be more efficiently and productively run by a private sector entity.
- o Each major department and agency may wish to establish an intra-agency working group or office of Private Sector Initiatives along the lines of Health and Human Services and Department of Education models.

## INCENTIVES COMMITTEE

Chaired by: William C. Norris

Members: James F. Henry  
Leslie L. Luttgens  
William S. White

### MISSION STATEMENT

To identify incentives for increased initiatives by private sector organizations, from the largest corporations to the smallest businesses, foundations and nonprofit agencies. In addition, identify incentives for individuals, as employees, shareholders, or private citizens, which will increase personal participation in voluntarism, and provide examples of such activities.

### STRATEGY

Expanding employment was the primary mission adopted by the Incentives Committee. Every community needs a means by which to assure the continuing process of creating new jobs. This can best be accomplished by combining voluntarism, contributing, and investing in a focused approach through local public/private partnerships.

### FINDINGS

1. Expanding employment requires that new jobs be created, and that people be made job-ready through counseling, education and training, and supported by necessary social services. Due to limited time and resources, it is not feasible to devise a program embracing all aspects of expanding employment. Therefore, the Incentives Committee concluded that it should concentrate on a limited program whereby

public/private partnerships stimulated new job creation by focusing on assisting small businesses, since studies show that they create most of the new jobs.

2. Local assistance needed most by small businesses is investment in programs supporting their startup and growth. Investments in small businesses can take a variety of forms, such as seed capital, debt, or equity; by providing technology or management assistance.
3. To encourage such investments in small business, local public/private partnerships should consider setting targets and having their achievements recognized -- very much as that now given for contribution by "membership" in the Two Percent and Five Percent Clubs.

Local investment standards should take into account the size and character of both the community and investing organizations.

4. To provide further stimulus for contributing, volunteering, and investing in job creation programs, the Committee is also recommending a variety of potential incentives. The following suggests types of incentives that can be considered at the federal, state, and local levels.

Together, local targets and incentives are intended to aid local partnerships to undertake a commitment to a continuing program of job creation.

#### POTENTIAL INCENTIVES

1. Job Creation. To focus investments in job creation, the following incentives could be applied:
  - o Tax credit for contribution to community-based organizations engaged in activities that expand employment.
  - o Double tax credits for volunteers for volunteering time to community organizations such as cooperation offices assisting small businesses.
  - o Tax credits for investments in "incubators" for small businesses.
  - o Tax credits for investments in small companies in designated areas.
  - o Tax credits for making technology available to small companies in designated areas.
  - o Special investment tax credits for large companies that locate branch plants in poverty areas.

2. Employment Preparation/Education and Training. It is critical that education and training be linked to jobs. Tax incentives such as the following could induce the needed investments in training and subsequent hiring:
  - o Tax credits for linking education and work experience for disadvantaged youth and disabled in skills in acutely short supply.
3. Community Revitalization: Incentives should be extended not only to corporations for investments, but to encourage individuals to assist the needy and participate in community development affairs.

A significant incentive has to be a new spirit which legitimizes volunteer work and defines it as the desirable behavior. Financial incentives could include:

- o Up-front government funding to get redevelopment stimulated. Higher levels of funding to communities with comprehensive revitalization and employment expansion plans in place.
- o Tax exemptions for banks on interest paid to provide loans for stimulating housing and commercial development in inner cities.
- o Federal insurance and tax exemptions on interest income for insurance companies, pension funds and other similar sources for large commercial and housing projects.
- o Credits for volunteers for car mileage and a percent of donated time. (Double credit for time to efforts focused on expanding employment.)
- o Tax credits to corporations that provide reimbursement of employees for percent of time spent on priority volunteer activities.
- o Tax credits to corporations that grant additional increases in retirement pay for seniors who are volunteering.

## CONTRIBUTIONS STRATEGIES COMMITTEE

Chaired by: Arthur Levitt, Jr.

Members: Terence Cardinal Cooke  
Kenneth N. Dayton  
John Gardner  
Dee Jepsen  
Richard W. Lyman  
Cornell C. Maier  
Elder Thomas S. Monson

### MISSION STATEMENT

To identify and encourage programs that offer the potential for stimulating improvements in the amount and patterns of giving by corporations, foundations and individuals.

### ACTIVITIES AND RESULTS

The committee has developed and the Task Force has approved statements concerning contribution strategies for corporations, individuals and foundations. These statements have been widely disseminated through the general press and to the specific constituencies involved. For example, the statement on corporate public involvement has been distributed to individual corporations, general business organizations such as the National Association of Manufacturers, the Business Roundtable and the American Business Conference, as well as to a wide range of industry trade organizations. Similarly, the statement on foundations has been distributed through the Council on Foundations and Independent Sector to memberships of each, and to the newsletters of many national membership organizations.

## RECOMMENDATIONS

The committee's specific recommendations concerning corporate, individual and foundation involvement as approved by the Task Force are:

The Task Force believes that while the private sector is already making a major contribution to the social and economic progress of America through a variety of contributions of time, talent and money, more can be done to make the private sector a strong partner with government in meeting the needs of American communities.

The private sector includes business, organized labor, religious and civic groups, educational and philanthropic institutions, service and neighborhood organizations, trade and professional associations, individuals and families; the broadest possible cross-section of American life. Each part of the private sector has an important role to play in shaping the future of our nation.

## CORPORATIONS

The Task Force recommends that corporations:

1. Within four years, double the level of cash contributions to nonprofit organizations engaged in public service, with a goal of tax-deductible contributions equaling at least two percent of pre-tax net income.
2. Within four years, double the overall level of their involvement in community service activities, both in financial contributions and in the mobilization of their human resources in volunteer capacities.
3. Reassess the pattern and direction of both their cash contributions and other forms of public involvement to insure that the most pressing human, social and economic needs in their communities are being addressed effectively.
4. Commit themselves to active involvement in the development and enhancement of partnerships between the private and public sectors in their communities.

In recent years, corporations have gone far beyond cash contributions in their involvement in the community; to job creation and training for the unemployed, targeted urban investments, loaned technical expertise to local and state governments and support for employee volunteer programs. Their total cash contributions of approximately \$3 billion have been matched by a variety of in-kind contributions of goods, services, and loaned personnel. These contributions are a vital resource in communities nationwide.

Individual corporations vary widely in the extent and nature of their current involvement and in their potential for increased involvement over time. Thus, the Task Force recommendations address the overall commitment that must be made by the business community in the years immediately ahead. Likewise, the Task Force recognizes that the most active and lasting commitment will come as the product of each company's own recognition that the condition of the communities in which they operate is as much a part of their business as the products they make and the services they offer.

### INDIVIDUALS

The Task Force recommends a goal of doubling individual giving in the next four years.

Almost 90 percent of private giving is by individuals. In 1981, the total of individual contributions exceeded \$44 billion. In addition, individuals contribute an enormous amount of personal volunteer time, equivalent in 1981 to an estimated \$64.5 billion.

When individuals give money and time, our society benefits in three ways:

- specific people and causes are assisted;
- there is a greater awareness of community needs and issues;
- the givers gain an important sense of service.

Since its beginnings, this country has benefited from an extraordinary willingness on the part of individuals to participate in addressing communities' needs and aspirations. It is important to our nation, and to its givers and receivers that we strengthen that voluntary impulse. A doubling of individual giving in four years will raise personal donations to a level of approximately \$100 billion.

The present average of personal contributions is about two percent of annual income, with many individuals and groups contributing the traditional ten percent "tithe." The Task Force proposes that Americans work toward an average contribution of five percent of personal income.

The increased support should go to the causes of one's choice. That, too, is an important part of our democracy and the pluralism that strengthens it.

Individual giving and volunteering go hand in hand. If, within the next four years we can double the levels of contributed time and money, we will have multiplied all of the benefits of

this country's unique pattern of private initiative for the public good.

### FOUNDATIONS

Foundations are independent nonprofit organizations that have been funded from private sources, managed by their own trustees and established to serve the public interest by addressing social, educational, cultural and other charitable needs. The majority of foundations are known as independent foundations originally established and funded by individuals or families. A second important category is community foundations. They are a flexible vehicle through which individuals and corporations can make gifts or bequests of any size for the benefit of a community or a region and are governed by a publicly appointed board of trustees. A third category, corporate foundations, receive their funding from a corporation and their activities are included in the foregoing statement about corporate public involvement.

The first two categories of foundations account for about five percent of all private sector giving in the United States. Their share of the total has gradually declined over the past decade due to such factors as inflation, government regulation, the impact of tax laws and the effect of the securities markets on foundation assets. The net result has been a continued slow decline in foundation giving in real dollars over recent years.

At the same time, foundations occupy a unique position in the private sector and have the potential for playing a more important role in helping to address the social and economic needs facing the country. Foundations are unique in their flexibility to respond to needs, in their ability to take risks and in their freedom to explore problems. The diversity among the nation's 22,000 foundations is a classic example of the pluralism in America's private sector and provides an opportunity for a rich and creative response to those issues and needs which are within the resources of the foundation community.

The Task Force recommends that:

1. Foundations reassess the pattern and direction of their giving to insure that the most pressing human, social and economic needs are being addressed effectively.
2. Foundations commit themselves, where appropriate, to active involvement in the development and enhancement of partnerships between the private and public sectors in their communities, and to the nurturing of community-based organizations that play so important a role in such partnerships.
3. Foundations voluntarily recognize their continuing accountability to the public as nonprofit organizations and follow

the example of many foundations in openly communicating the amount and nature of grants made and their grantmaking objectives and priorities.

4. Every effort should be made to reverse the declining birth rate of foundations by aggressively promoting the formation of new foundations.

#### COMMUNITY FOUNDATIONS

Community foundations have an especially vital role to play in community partnerships because of their staffs' broad knowledge of the geographic area they serve, and their ability to pool gifts from many sources to meet community needs. These foundations often are in a position to provide expert grantmaking assistance to local corporations who desire to increase the level of their giving. They also make excellent partners with national corporations and foundations desiring to make contributions in cities or regions where they lack information about local needs. As a bridge between the donors and the local nonprofit sector, community foundations are natural partners to work with local governments to address community problems.

The Task Force recommends that:

1. The cities and regions without community foundations take steps to form such foundations. The key persons in such a process are community leaders, heads of nonprofit organizations and bank trust officers, and attorneys and estate planners working with individual donors to establish a pooled community trust committed to addressing local needs and concerns. In addition, independent foundations and corporate foundations can play an important role in providing technical and financial resources for the formation of new community foundations.
2. Localities with community foundations mobilize resources to obtain additional gifts, bequests and corporate contributions to provide a substantial asset base from which grants can be made.
3. Existing community foundations place a high priority on providing technical and financial assistance in the formation or enhancement of public/private partnerships in their communities.

The Economic Recovery Tax Act of 1981 includes a feature which establishes the annual payout requirement for foundations at five percent of assets. This change from prior law increases the ability of foundations to preserve their assets at a level which should insure a steady payout of grant dollars in future years. At the same time, there may be other legislative and regulatory changes which will further enhance the responsive ability of foundations and facilitate the creation of new foundations.

## COMMITTEE ON MARSHALLING HUMAN RESOURCES

Chaired by: Frank Pace, Jr.

Members: William Aramony  
Terence Cardinal Cooke  
Walter G. Davis  
Daniel Gilbert  
George Romney  
The Reverend Leon Sullivan  
Alexander Trowbridge

### MISSION STATEMENT

To encourage increased commitment, recruitment, placement and management to volunteers in community service and to enhance the atmosphere for volunteering.

### STRATEGY

To pursue its mission, a decision was made to directly involve the volunteer-community and other related groups. Thus, a first major activity was to form an advisory group of persons from major national volunteer organizations. (See Appendix Information.)

This advisory group then suggested that it be expanded to include representation from labor, the corporate community, and religious institutions. Small working groups were formed to help carry out the agreed-upon committee objective:

1. To reaffirm the fact that volunteering is an essential part of the fabric of American society.

- o The Committee developed a publication for policy makers entitled Volunteers: A Valuable Resource which includes: "Volunteering: The Policy Maker's Role;" "The World of Volunteering: Questions and Answers;" "Who Volunteers? A Statistical Survey;" "What America's Leaders Say About Volunteering: Selected Quotations;" Suggested Remarks; and Acknowledgments. This will be distributed to the White House, Congress, Governors, Mayors, national volunteer organizations, and other interested national organizations.
  - o The Committee, with the help of the Postmaster General, paved the way for a commemorative stamp on volunteering to be issued in 1983--the first of its kind.
  - o The Committee participated in discussions with the Advertising Council on its campaign to promote voluntarism. In particular, on the film commissioned by the Independent Sector.
2. To recognize contributions made by young people as volunteers in community service and to encourage more young people to volunteer.
- o Dr. Gilbert and Mr. Bricker prepared a paper for the Task Force on youth, emphasizing the need to challenge young people by offering opportunities for them to become involved, as well as the importance of working with youth rather than for youth.
  - o The Committee organized a three-day event in Washington, attended by 47 young people representing 23 national volunteer organizations (see Appendix Information) which provide youth volunteer activities. Over thirty communities were represented. The highlight was a meeting with President Reagan, including opportunities to question the President, and having individual photos taken with the President.
  - o These youth representatives also visited the Greater Washington Youth Fair. This event was coordinated by the Boys Club's Jelleff Branch, which worked collaboratively with over 25 other local volunteer organizations. The D.C. Fair was designed as an example of a local private sector initiative for involving youth in community service. These youth representatives plan to return to their communities and produce a similar local initiative during 1983. A goal of participation by many more communities annually was established.

3. To reconfirm the relationship of volunteer organizations with corporations and unions.
  - o Material was gathered on the subject of existing corporate volunteer activity and is reflected in a Letter to Chief Executive Officers and a Corporate Community Involvement Action Guide. The letter and the guide will be disseminated through major business associations.
  - o Representatives of volunteer organizations met with the AFL-CIO's Community Service Department, with the intent of preparing a paper on cooperation among unions and volunteer organizations on how better to work together. The AFL-CIO will host an educational meeting with volunteer organizations, and both the AFL-CIO and volunteer organizations would continue to address the subject of volunteering at conferences, meetings and other forums.
4. To stress the effectiveness of volunteer organizations.
  - o The Committee worked with the Gannett Newspaper chain and the American Society of Newspaper Editors to encourage local newspapers to include a column on volunteer opportunities. Mr. Pace sent a letter to 1100 newspapers around the country, encouraging the use of such a column.
  - o The Committee has developed plans for publication of a directory of available management development, education, and training for nonprofit organizations (paid personnel and volunteers) at universities, schools, and in nonprofit organizations.

#### RECOMMENDATIONS

The Committee acknowledges the fact that volunteers play an essential role in the fabric of American society and recommends that policy makers continue to find new ways to publicly recognize volunteers. The Committee clearly feels it has only begun an effort which needs to be sustained and built upon.

Therefore, the advisory group recommends that:

1. It continue its efforts through 1983 to complete these activities. Mr. Pace has agreed to coordinate them.

To that end, the advisory group will:

- o Keep in touch with those youth who came to the three-day D.C. conference, and assist them with their local initiatives.

- o Work with the advisory group to identify and remove impediments to volunteering.
  - o Through business organizations, catalogue and encourage non-cash involvement in community service.
  - o Proceed with the Postmaster General on the production of the commemorative stamp, to be issued in 1983.
  - o Continue to provide comments to the Advertising Council on its voluntarism campaign.
  - o Continue to work with the White House Office of Private Sector Initiatives.
  - o Continue discussions with organized labor.
  - o Continue to work with newspaper editors.
  - o Complete the resource directory.
2. And that an office within the White House:
- o Be designated as the Administration locale for information about and contact with volunteers.
  - o Continue to work with organizations which provide youth volunteer activities and, more specifically, youth fairs.
  - o Provide resource information about volunteer organizations to the President and assist in the dissemination of materials produced by this Committee.

## COMMUNICATIONS COMMITTEE

Co-chairs: Ellen Sulzberger Straus  
Thomas H. Wyman

Members: John W. Gardner  
C. William Verity, Jr.

### MISSION STATEMENT

The Communications Committee was formed to serve as an advisory group to the Task Force as a whole and its individual committees in devising and implementing a communications program with the press and the public.

### STRATEGY

The Committee, from the start, began to outline a communications strategy to assure that the Task Force secure a reputation of one that reports results rather than one that simply results in a report.

As the various Task Force committees began to reach out to hundreds of communities across the country, the private initiative story began to unfold. At the heart of this story were the classic examples of neighbor helping neighbor, and partnerships between local government and private sector leaders. It was determined that if these examples were emulated elsewhere, they would bring to life and to vivid definition the concepts underlying the Task Force's work.

Thus, the Task Force became the "mirror" for these examples of people helping people and began a nationwide awareness campaign to reflect them to communities around the country. This campaign was in no way intended to suggest a magic in partnerships, but to the extent that they brought disparate elements of a community together in common cause, they were viewed as powerful instruments to community social and economic progress.

To transmit these partnership examples, the Communications Committee focused on three vehicles for creating a national awareness: print media, broadcast media, and public speaking opportunities.

#### PRINT MEDIA

Editorial roundtables were arranged with major national publications to highlight community partnerships. These practical examples of private enterprise became the substance of scores of feature articles in hundreds of media outlets, as the press realized that the public was hungry for positive human interest stories.

Drawing from the Task Force data bank of some 2,500 examples, a weekly series of feature stories, called "The Brighter Side of Today's News," was inaugurated by the communications division. The stories were mailed each week to editors of 2,000 daily and weekly newspapers.

As the influence of the stories spread, the press began calling for other data bank examples which could be adapted in their communities.

Organizations with allied interests asked for examples they could use. For example, the American Advertising Federation, which had adopted voluntarism as its theme for 1982-1983, distributed the material to its 210 members for use in local advertising and public relations campaigns.

The Advertising Council also accepted the theme of voluntarism for one of its public service media campaigns, with Ogilvy & Mather, Inc., as the volunteer agency. Providing funds as well as counsel, the Task Force joined with the Independent Sector in sponsorship of the campaign, which will run in 1983 and 1984.

The National Municipal League is scheduling a booklet on the "Brighter Side" for distribution to thousands. More than a hundred trade association executives asked for stories to use in their trade publications.

The Task Force newsletter, "Building Partnerships NEWS," spread the spirit of voluntarism and private sector initiative across the country to more than 7,500 readers on a regular basis.

#### BROADCAST MEDIA

In the spirit of voluntarism, Pat Boone narrated a dozen radio and television spots on the "Brighter Side" stories and composed, arranged and sang an accompaniment called "Lend A Hand, America" for distribution by the Task Force to more than 5,000 radio stations.

It became apparent early on that the Task Force story was powerful visually and television was its earliest proponent. A broadcast advisory subcommittee was formed, with Charles S. Mechem, Chairman of Taft Broadcasting, as its head. This group provided advice to the Task Force for spreading the private initiatives story across the country through the electronic media.

Already in existence was the most powerful asset the Task Force had in the form of a news series produced by KAKE-TV, Wichita, which became the prototype for scores of individual TV stations across the country. To date, some 70 television stations have aired programs on private initiatives, job-a-thons, volunteering, or special community projects.

ALCOA used one private initiative story line and funded a public service television spot, which it distributed to 200 television stations.

Religious television networks were quick to see that the Task Force objectives paralleled theirs, and Mr. Verity and Mr. Guth appeared on four major religious networks.

The combination of efforts between local and religious stations, as well as a number of major Task Force announcements and meetings on private initiatives, turned the work of the Task Force into a national television story.

CBS News produced a 6-minute network story on private initiatives. ABC-TV relayed the news series of its own affiliate, KAKE-TV, to its 208 stations. The Public Broadcasting Service covered a Task Force meeting in Wichita on its "Nightly News Report." And two dozen on-camera interviews with Task Force members were done by national networks, local stations and McNeil-Lehrer.

#### SPEAKING OPPORTUNITIES

It was agreed by the Committee members that the media activities would be augmented by an active and effective speakers' bureau, enabling key spokespersons to appear often before national, regional, and local audiences to encourage voluntarism and private sector initiatives.

To that end, the Task Force speakers' bureau scheduled approximately 150 speeches and panel discussions for members and senior staff. These appearances ranged from Boston to Guam, and the staff members alone logged an estimated quarter of a million miles.

## AWARDS AND RECOGNITION PROGRAM

An initial committee of the Task Force, the Awards and Recognition Committee, completed its work in late spring. Chaired by Mr. Wyman, the Committee prepared a guide book for governors and mayors to use in establishing recognition programs to honor individual efforts and community partnerships long after the national President's Task Force had expired.

## COMMUNITY PARTNERSHIPS COMMITTEE

Chaired by: Jeri J. Winger

Members: William Aramony  
Helen G. Boosalis  
J. Richard Conder  
Edward H. Kiernan  
Robert D. Lilley  
Robert Mosbacher, Jr.

### MISSION STATEMENT

To identify existing community partnerships at the local level and promote the establishment of similar partnerships throughout the nation.

To facilitate the development of private sector leadership networks at the community level so that communities of all sizes may become better organized to meet local needs with local and private resources.

### STRATEGY

To establish a framework for community partnerships which set boundaries and aid in the establishment of priorities for partnership activities.

The framework noted three key elements:

1. Community leadership -- To encourage community leaders to help identify needs, and promote partnership processes between the public and private sectors to find solutions.

2. Entrepreneurship -- To generate entrepreneurial thinking about financial and non-financial dimensions of partnerships.
3. Community building -- To develop programs which become self-sustaining.

## RESULTS

Education and training materials which were developed include:

1. "Building Partnerships for America's Future" -- provides definition, overview, and case examples of community partnerships.
2. "Corporate Community Involvement" -- An action guide on corporate community involvement in the generation and strengthening of community partnerships.

The first document ever produced which provides case examples of volunteers, contributions, and investment efforts of large, mid-range, and small businesses. The efforts catalogued describe programs with neighborhoods and governments, and encompass economic and residential development and human services. A resource list is included.

3. Investing in America -- The first book produced with chapters by major institutional investors in the United States -- banks, savings institutions, insurance companies, pension funds, credit unions, cooperatives, community development corporations, small businesses and venture capital firms, foundations (program related investment), corporations (non-financial), mutual funds, and religious organizations. There is also a chapter on investment partnership innovations. This book is a report by these organizations. The theme is investing in community partnerships and includes resource lists and hundreds of case examples.
4. "Partnerships in America" (video tape) -- A 23-minute training film with general information on community partnership formation and community investment. The tape includes footage from Task Force-sponsored meeting of chief executives, highlighting speakers from the public and private sectors and nonprofit groups.

## WORKING MEETINGS

1. Corporate Community Involvement (July 26-27): A White House meeting with the President. This was the first meeting of chief executives ever convened to discuss their role as investors in community partnerships. Eighty-five

corporate leaders from 44 cities, representing 24 states, attended a program that included presentations by 17 civic leaders from corporations, local governments, foundations, community development organizations -- representing private profit, nonprofit, and public sector interests in community partnerships. Eight Task Force members participated in this working meeting as keynoters, panelists, and panel convenors. The focus of the working meeting was on community investment.

2. American Community College Trustees (August 24): Eleven trustees and their representatives from community colleges attended this meeting designed to provide information about partnerships and establish a follow-up program of forums in their communities. Four federal departments also sent representatives. Follow-up forums were scheduled in: Kansas City, Kansas; Chicago, Illinois; Omaha, Nebraska; Annandale, Virginia; Pittsburgh, Pennsylvania; Kirkwood, Iowa; Seattle, Washington; San Jacinto, Texas; Cumberland, Maryland; Jacksonville, Florida, and San Francisco, California.
3. Investment Institutions (September 14): Sixteen investment institution representatives attended a meeting to discuss their chapter contribution to the book, Investing in America. This was the first meeting to bring major institutional investors together to discuss the role of investment in community partnerships.
4. Religious Leaders Roundtable (October 5): An interdenominational meeting of religious leaders. Fifteen people participated in a roundtable discussion on the role of their national organizations in promoting partnerships. A planning committee was selected and is meeting periodically with the White House.

The White House Office of Private Sector Initiatives participated in each of these meetings.

#### RECOMMENDATIONS

1. That the Project Data Bank be continued in an independent non-governmental setting. The project bank information serves as a means for sharing ideas -- the utility of which shall be determined by prospective users. There should be a formalized system whereby the information could be made available to communities.
2. Emphasis on the establishment of community partnerships, and on active involvement of local officials with the private sector. Mayors should be made aware, by Governors' Task Forces, of the importance of community partnerships

and the need for them to play a key role in finding ways to join public and private resources to meet community needs. Particular attention should be given to the needs of smaller communities and should include consideration of their technical and financial needs.

3. Governors' Task Forces should be encouraged to have both public and private sector members. These Task Forces are in a strategic position to help maintain the momentum generated in numerous communities.
4. It is extremely important to publicize and spotlight successful examples of the private sector working with community enterprises.
5. The basic concept of partnership arrangements is valid and should be reinforced at every opportunity, with community-level dialogue on public issues and common problems. This dialogue should emphasize the strengths of joining public and private-sector resources.
6. A mechanism should be established to ensure that the work of the Task Force will be continued, with emphasis on community partnerships. To develop new partnerships and enhance existing programs, it is recommended that leadership at all levels, including corporate, government, and community, encompassing profit and nonprofit mechanisms, be nurtured so that partnerships become long-term, self-sustaining efforts.

APPENDIX INFORMATION

All references to appendix material or publications mentioned, but not included, in this report are part of the permanent record of the Task Force and can be obtained by contacting the White House Office of Private Sector Initiatives, 202-456-6676.