

What Voluntary Activity Can and Cannot Do for America

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With his emphasis on private sector initiatives, President Reagan provided welcome attention to voluntary organizations and to personal responsibility for community service, but along the way he contributed to an exaggerated notion of what voluntary activity can do and what government need not do. President Bush intends to expand the encouragement of personal service through stimulation of the "thousand points of light," which can be a great boon to active citizenship but only if he learns the lessons from his predecessor's miscalculations. Voluntary endeavor represents an extra dimension through which Americans address their needs, pursue their hopes, and help keep government responsive and effective, but it does not take the place of government in serving as the basic agent of civic interdependence.

A large part of misunderstanding of the role and capacity of nonprofit activity stems from limited research and data on the sector. America's pluralism and generosity have been so natural that there never seemed a need to study them. Now that distinct misinformation is skewing public policies and perceptions, there is a scramble to sort out what the voluntary sector is really all about and what the differences are between government and nonprofits. Much of the research is producing a body of knowledge about what the independent or voluntary sector is and

what it is not, and both views are proving vital in sorting out its usefulness and limitations.

On the plus side, this third sector of activity and organizations provides a different way of seeing and doing things. For example, foreign visitors who increasingly come to learn about American philanthropic and voluntary activity report that a very real aspect of freedom and influence is missing without this buffer sector. At best, they find it restrictive and at worst oppressive when only one governmental system exists for education, culture, or religion and where there is no tradition of independent service and criticism.

In a 1985 speech to Independent Sector titled, "A Global View of Philanthropy," J. D. Livingston Booth of Great Britain, President of Interphil (International Standing Conference on Philanthropy), said, "Outside the United States, there is very little recognition that an independent voluntary sector even exists, let alone that it has a wholeness, a role, and a significance in free societies."¹

Though the size of this sector in the United States is smaller than most people assume and far smaller than government, it is impressive nevertheless. Approximately 900,000 exempt organizations are officially registered with the Internal Revenue Service, but that does not count

Voluntary organizations are approximately 10 percent the economic size of all governments in the United States, but if their money and other assets are effectively utilized, these organizations have impacts far beyond their proportionate size. On the other hand, if these groups are called upon to do what governments no longer feel they can do or to supplement what governments do, their 10 percent will gradually become just a shadow of governmental functions.

President Reagan understood what philanthropic and voluntary behavior can mean to a democratic society, but because he like almost everyone else had no real grasp of the relative sizes and roles of the voluntary and governmental sectors, he ended up trying to transfer to voluntary organizations more than was realistic. President Bush also wants to increase private initiative for the public good through encouragement of his "thousand points of light," and now, if people have some clearer grasp of what voluntary organizations can and cannot do, he has a better chance to succeed. America needs both effective governments and a strong voluntary sector, but it will have neither if national leaders do not understand the differences in their functions.

religious congregations or the local affiliates of many national organizations such as the Boy Scouts and American Cancer Society. When these and all the less formal neighborhood and community groups are added in, the figure is something over 2 million.

In terms of personal participation, a 1988 report from Independent Sector, *Giving and Volunteering in the United States*,² points out that individuals represent approximately 90 percent of all giving. Corporate giving, as important as it is, only represents 5 percent, as does foundation giving. The base of personal participation of both giving and volunteering is enormously broad and growing. Three-fourths of American families are contributors and give an average of \$790 a year to the causes of their choice. Approximately half of all adult Americans are active volunteers, and they give an average of 4.7 hours a week. Twenty million Americans give 5 percent or more of their income to charity, and 23 million volunteer five or more hours a week. Contributions to voluntary organizations exceeded \$100 billion in 1988, and 80 million people volunteered a total of 14.9 billion hours which conservatively estimated is worth another \$150 billion.

These "thousand points of light" are the neighborhood improvement societies, Catholic charities, overseas relief organizations, American Association of Museum Volunteers, private schools and colleges, United Way, corporate foundations and public service programs, United Negro College Fund, fraternal benevolent societies, National Association of Neighborhoods, conservation and preservation groups, Council of Jewish Women, community foundations, National Public Radio, and millions, not thousands, of others. Whether one's interest is wildflowers or civil rights, arthritis or clean air, oriental art or literacy, the dying or the unborn, organizations are already at work, and if they do not suit one's passion, it is possible to start one's own.

One need not go back in American history to find examples of all this caring. A far larger proportion and many more parts of the population are involved in community activities today than at any time in history. Americans organize to influence every conceivable aspect of the human condition, and they are willing to stand up and be counted on almost any public issue. In recent times, Americans have successfully organized to deal with a vast array of human needs and aspirations, including rights of women, learning disabilities, conflict resolution, Hispanic culture and rights, the aged, voter registration, Native Americans, experimental theatre, international understanding, drunk driving, population control, consumerism, and on and on. Volunteers' interests and impact extend from neighborhoods to the ozone layer and beyond.

Beyond the urgent causes and crusades, the independent sector simply provides more people a chance to do their "own thing"—to be different—to be a bit freer—to be unique. In an Independent Sector Occasional Paper based on his book, *The Endangered Sector*, Waldemar Nielsen summarized the wonderful variety of interests that Americans freely pursue through voluntary organizations. Here are some examples:

If your interest is people, you can help the elderly by a contribution to the Grey Panthers; or teenagers through the Jean Teen Scene of Chicago; or young children through your local nursery school; or everyone by giving to the Rock of All Ages in Philadelphia.

If your interest is animals, there is the ASPCA and Adopt-a-Pet; if fishes, the Izaak Walton League; if birds, the American Homing Pigeon Institute or the Easter Bird Banding Association.

If you are interested in tradition and social continuity, there is the Society for the Preservation of Historic Landmarks and the Portland Friends of Cast Iron Architecture; if social change is your passion, there is Common Cause; and, if that seems too sober for you, there is the Union of Radical Political Economists or perhaps the Theatre for Revolutionary Satire.

If your pleasure is music, there is a supermarket of choices—from Vocal Jazz to the Philharmonic Society to the American Guild of English Hand Bellringers.

If you don't know quite what you want, there is Get Your Head Together, Inc. of Glen Ridge, New Jersey. If your interests are contradictory, there is the Great Silence Broadcasting Foundation of California. If they are ambiguous, there is the Tombstone Health Service of Arizona.³

One of the largest roles of voluntary organizations is religious expression and protection of that freedom. In a 1988 Independent Sector report, *From Belief to Commitment*,⁴ based on the largest study ever undertaken of the community service role of religious congregations, extensive documentation shows that religious congregations are the primary service providers for neighborhoods. It is my experience that the poorer the community, the larger that role and impact. Beyond the exercise of religious freedom and the community services provided by religious congregations, these institutions have been and continue to be the places where many moral issues are raised and pursued. In his mid-nineteenth century observations on the American scene, Alexis de Tocqueville saw this country's network of voluntary organizations not so much as service providers but as "the moral associations" where such values as charity and responsibility to others are taught and where the nation's crusades take root.⁵

I am constantly aware how much of the country's patterns of community service and advocacy relate to the earliest activities of churches and to the initial and continuing protections of freedom of religion. Despite how obvious this is, people tend to set aside this whole one-half of the voluntary sector as though it does not really belong, relating largely to salvation, but if one looks at what the conscience, the meeting ground, and the organized neighborliness represented by religious congregations mean to the kind of society America is, religion takes on a different and larger significance.

In the composite then, an almost dizzying array of activity exists. Americans inform, protest, assist, teach, heal, build, advocate, comfort, testify, support, solicit, canvas, demonstrate, guide, feed, criticize, organize, appeal, usher, contribute, and in a hundred other ways serve people and causes. In the face of all this activity, some people decry what they think of as uncoordinated, frenetic, do-goodism. Most, however, including President Bush, see it as the thousand or million points of light that give all people a chance to serve, have influence, and do "their own thing."

When focusing only on the positive contributions of the sector, it is possible to get carried away with its importance. Many champions of philanthropy consider it to be America's greatest set of institutions, and they are critical that I refer to it as an extra dimension. One needs, however, to be cautious about putting this sector ahead of other aspects of the democratic way of life. It is important to remember the basic values of American society: freedom, worth, and dignity of the individual; equal opportunity; justice; and mutual responsibility. Fundamental vehicles for preserving and enhancing those basic values are representative government, starting with one person, one vote; the freedoms of religion, speech, and assembly; a free press; a system of justice beginning with due process and presumption of innocence; and universal public education. Philanthropy and voluntary action help to preserve and enhance those values, but they do not transcend them.

It is useful to realize that the independent sector is much smaller than the government and commercial sectors. In terms of national income, commerce totals 79 percent, government is 15 percent, and the whole of the independent sector is only 6 percent. The comparison becomes even starker when one measures the total expenditures of nonprofit organizations against the expenditures of government. Nonprofit groups spend approximately \$250 billion a year as contrasted with the combined expenditures of the three levels of government which come to about \$2.5 trillion.⁶ Thus, the ratio is about one to ten. It should also be noted that approximately one-third of the income of the nonprofits comes from governmental allocations.

When seen this way, it becomes clearer that the sector is small compared to government and that all such private efforts have to be targeted uniquely or they will not be worth much to society's needs and goals. There are ways by which that 10 percent can be spent to make a difference far beyond the relative sizes, but if the funds are not targeted carefully, they add only an incidental rather than an extra dimension. Further, if a large part of the nonprofits' 10 percent is diverted to cover what government no longer feels it can do, these organizations lose their capacity to be different from government.

It is not in the cards and should not be that government has the capacity to change the concept of people giving to the causes of their choice as long as the causes are represented by legitimate organizations.

A few years ago, I attended a Ditchley Foundation conference in England on the future of philanthropy in the western world. It became clear that for other countries, the total amounts represented by philanthropy and voluntary action are miniscule compared to what government spends. In Britain, the total voluntary sector is about 2 percent the size of government compared with America's 10 percent. Even at that, representatives from those other countries argued that the sector provides vital elements of flexibility, innovation, creativity, and criticism, and it must be preserved.

One of the issues discussed was whether philanthropic dollars should be used to supplement government expenditures, particularly at a time of government cutbacks. At that stage both Prime Minister Thatcher and President Reagan were arguing that private philanthropy should be used to make up for government retrenchment, and many U.S. mayors were urging foundations and corporations to help keep schools, libraries, and parks open and to maintain other public services. It became clear that though philanthropy has a responsibility to deal with emergency matters, particularly those involving human suffering, in the long run the small amount that philanthropy represents must be reserved for unique extra purposes such as flexibility and criticism, or it may not really be worth preserving.

Another reality and limitation involves the arbitrary focus of most contributions and voluntary organizations. These groups are not responsible for the general welfare. People target their contributions to organizations that deal with Lutheran elderly, Catholic schools, and oriental art, or contributors and organizations are focused on assistance to a particular neighborhood, population, or country. It is not in the cards and should not be that government has the capacity to change the concept of people giving to the causes of their choice as long as the causes are represented by legitimate organizations.

This relates to another limitation, involving accountability. Voluntary organizations must certainly be accountable for proper use of all sources of income and for full disclosure of their finances, but they are not solely accountable to government and to make them so would remove the very flexibility and independence which are their principal values to society.

An additional limitation involves the role of nonprofit organizations to protect and extend freedom and rights rather than being simply a network of nonprofit service agencies. Some mayors, governors, and presidents see or want to see voluntary organizations as primarily deliverers of services, and they are generally antagonized when these organizations behave as gadflies or worse as critics. In each Administration beginning with President Nixon, there have been serious proposals to strip or to limit tax exemption and deduction for organizations that do not

devote a certain large proportion of their activities to direct services to the disadvantaged and to strip altogether the nonprofit status of organizations that emphasize activism and advocacy. It is surely a maddening thing to those responsible for providing services that so many nonprofit organizations seem to be preoccupied with public policies. For public officials, this is a decided drawback to voluntary organizations, but in the long run it is one quintessential role and contribution of the nonprofit sector.

Against this backdrop of values and limitations of the independent sector, it is not altogether surprising that President Reagan had serious misconceptions about the roles and capacities of voluntary organizations. Indeed, it is instructive that we had a President who was committed to strengthening voluntary initiative but who ended up doing much of the opposite. Though some attribute this to disingenuousness, it was more likely a result of a genuine misunderstanding of what voluntary organizations can and cannot do for America. A painful but useful lesson of those years involves a more realistic understanding of what responsibilities cannot be transferred from government to the voluntary sector.

President Reagan did devote a good deal of attention to the activities of nonprofit groups, including honoring private sector initiatives by individuals, organizations, and corporations. To the extent that a society is what it venerates, Reagan's efforts in that area were very helpful, and will have lasting benefits. Those advantages, however, were more than counterbalanced by many of the Reagan Administration's other actions which undermined the ability of voluntary organizations to fulfill the larger role that the President expected of them. The difficulties began with the basic misunderstanding of the size and role of the voluntary sector. The President pushed these groups to more responsibility than they could assimilate. As a result, many of them, particularly those dealing with the most vulnerable, faced intolerable expectations and ended up with a good deal of undeserved guilt and blame.

From the start of that Administration, I was struck by how little those who were attempting to foster philanthropy and voluntary action really understood it. Within months of the inauguration, I found myself working with White House staff and volunteers newly involved with the President's Task Force on Private Initiatives who really believed that corporate philanthropy alone, which then totalled only \$3 billion or a fraction of one percent of the federal budget, could take over support of programs utterly beyond anything that corporate philanthropy could ever achieve. There was a total lack of understanding of the size of private giving. Even after we would agree to disagree on what public programs were wasteful or useful, they were still thinking of dollar responsibilities to transfer to private giving that could never be assimilated. These were not people who were trying to find an excuse to cut

public programs, though obviously there were some of those, but they were officials who genuinely believed that private philanthropy and voluntary organizations were far larger than is in fact the case. What I finally found which helped to make my case with some White House officials, was to lay out the relative sizes outlined above.

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The Reagan Administration's second mistake involved an unintended but serious undercutting of the income of many voluntary organizations. As indicated earlier, more than one-third of the income of the voluntary sector is provided by government contracts with such nonprofit groups as job training centers, homes for the aged, and research universities to carry out

legislated programs. A significant and disproportionate share of the government's budget cuts came out of the income of its voluntary partners.

Simultaneously, several changes in the 1986 Tax Act undercut the ability of many voluntary groups to keep up with prior rates of fundraising growth. For the first full year following the tax changes, the rate of increased giving by individuals dropped 50 percent just as the Administration had been warned that it would.

To compound the income problem, the Reagan Administration, which had forced most nonprofits to scramble for new and higher levels of noncontributed and nongovernmental support, tried to tax previously exempt categories of other income such as fees, sales, and interest.

A different but equally threatening difficulty also grew out of misunderstanding about the role and operations of voluntary organizations. Administration representatives pointed with pride to such crusaders as Jane Addams and Dorothea Dix, who broke the barriers of public indifference to excruciating human need, but these same officials tended to view as troublesome and maybe even dangerous those who today force inclusion of hospice coverage in Medicaid or those who insist that state government cannot wash its hands of schizophrenics discharged from state hospitals.

There were repeated instances of the Reagan Administration's efforts to curb advocacy activities of voluntary organizations. U.S. Office of Management and Budget proposals would have stripped from voluntary organizations that receive any government funding almost all of their rights to engage simultaneously in representations before government. Also, proposed Internal Revenue Service regulations would have restricted greatly the advocacy rights of all tax exempt organizations. There has been an attitude that voluntary service is to be applauded and advocacy to be discouraged. This ignores the reality that much of the best voluntary effort in U.S. history involved those who advocated for many of the public policies and programs in which Americans take pride today.

In the composite, the voluntary organizations that President Reagan wanted to help were in fact faced with increased expectations, decreased government support, an undercutting of their ability to raise new money, the prospect of new taxes, and a challenge to their advocacy role.

If President Bush is to provide a more informed positive boost to what he refers to as the "thousand points of light," he will have to provide far more consistent encouragement. Based on the lessons of the Reagan years and prior work with the Nixon, Ford, and Carter Administrations, the following guidelines are suggested as basic for a "Blueprint to Encourage America's Voluntary Service."

1. Do not allow government to transfer government responsibilities to voluntary organizations, and, when expecting these associations and institutions to help provide increased public service, do not cut their budgets and other support.
2. Resist efforts to limit the right and opportunities of voluntary organizations to be the appropriate advocates of citizen needs and views.
3. Maintain and strengthen tax incentives for charitable giving, including (a) restoring full deductibility of gifts of appreciated property, (b) protecting full deduction of charitable gifts by those who itemize their tax deductions, and (c) restoring the deduction of contributions for the nonitemizers.
4. Do not impose new taxes on nonprofit organizations, and remove the existing two percent excise tax on foundations. Taxing tax-exempt organizations is a contradiction. When user fees are a fair consideration, do not let government go to extremes. For example, the foundation tax was designed to cover annual monitoring expenses, but the cost to foundations is approximately \$250 million a year which is close to 20 times Treasury's highest estimate of their costs. Two hundred and fifty million dollars may not seem like much to a government with a budget of \$1.2 trillion, but it would make a noticeable difference in annual foundation grants. Similarly, taxes on college endowments or fees paid by those who can afford some part of the services they receive from a social welfare agency will not produce much real revenue for the government but it will subtract some real capacity from these organizations. If the Administration genuinely wants and expects an expansion of private initiative for the public good, it cannot let the government's need for revenue contradict that intent.
5. Assist in establishing "Give Five" as the basic standard for what people should donate to their communities and to the causes of their choice—5 percent of income and 5 hours a week.

The Administration can take advantage of Independent Sector's three-year research study to determine what will have the greatest and earliest impact on significant increases in giving and volunteering. This study discovered that people do not know what is expected of them in the fulfillment of their community service, that

they want to know what is a fair standard, and that if a reasonable standard is established, people will move toward it. The basic message is that "the tithers are the true leaders of a caring society, but all of us owe at least five—5 percent of income and 5 hours a week to the chosen causes."⁷

6. Hold meetings in the White House with the leaders of voluntary organizations to applaud what they and their organizations are doing. Next to establishing the standard of "Giving Five," nothing will have faster payoff than reaching out to the leaders of the philanthropic/voluntary community to say "you're special" and to spur them on to greater accomplishment.
7. Continue and expand existing awards programs such as the President's Volunteer Action Awards and the White House Awards for Private Sector Initiative. As a member of the Awards Committee, I have seen the escalating number of top-flight applications and the enormous pride and encouragement of the people and organizations who receive the awards.
8. Encourage corporate leaders to a greater sense of responsibility for community. At the time they are needed most, corporate public participation is waning. Here too, attention by the White House and Administration can have quick payoff.
9. Recognize and encourage the role of private and community foundations. For years, hundreds of them have been in the forefront of the very kinds of services the President applauds and wants to increase. He should give particular attention to foundation efforts that are directed toward stimulating greater levels of giving and participation by individuals, corporations, and other foundations.
10. Develop the Administration's program for "YES (Youth Entering Service) to America." Already, several hundred schools, school districts, and communities are light years ahead of the rest in developing opportunities for youth service. There is also great readiness on the part of almost all communities to do something similar. If these two factors are matched with the President's encouragement, the payoff will be immediate and extensive.
11. Help stimulate the development of hundreds of more effective voluntary action centers (VACs). Already, scores of effective VACs help bridge the existing chasm between people who are willing to be involved and the organizations that need their involvement. VACs find, train, and place these volunteers, but they also find and train the organizations that can provide opportunities for truly rewarding service.
12. Encourage the increasing number of colleges and independent groups that are beginning to pay attention to preparing people for their current and future responsibilities for community service. In addition, a rapidly escalating number of educational institutions are establishing full-scale centers and programs for research, education, and training related to voluntary service.

They include preparation for current and future volunteering, building bridges for students to jobs in the voluntary sector and providing training for current staff and volunteer leaders on such basics as fundraising, planning, board development, and evaluation. Attention by the President to colleges that are leading the way in this regard and to education-policy groups would stimulate far more such activity and funding for it.

The 1920s were an earlier high point for visibility and appreciation of voluntary activity. World War I provided a rallying of civic and national pride, and the 1920s were "can do" years. With the advent of the Depression, President Hoover, who had achieved national prominence and leadership through his national and international philanthropic endeavors, such as the Commission for Relief of Belgium, called upon American generosity and voluntary effort to expand to deal with escalating needs. When the voluntary sector could not, there was a sense that it let the country down, and when government failed to move into the void, the public wondered if anybody cared.

Classical Marxist theory held that allowing other systems to exist, including free enterprise and voluntary organizations, obscured the absolute role and responsibility of government. This philosophy overlooked the greater advantages of pluralistic problem solving, maximum citizen involvement, and liberating outlets for creativity and fulfillment, but in the continuing confusion between the relative roles of government and philanthropy, the old Marxist argument cannot be dismissed altogether. Those who believe in the superiority of a three-sector society bear a particular burden to be sure that support for free enterprise and voluntarism does not in fact obscure the role and responsibility of government. In 1932, Reinhold Niebuhr, hardly a Marxist, summarized the immediate situation: "the effort to try to make voluntary charity solve the problem of major social crises...results only in monumental hypocrisies...."⁸

During the 1930s and through the war and postwar 1940s and 1950s, the focus in the United States was necessarily on the responsibility and capacity of government. Gradually, however, people of all political and philosophical viewpoints began to realize the practical limitations of big government and the necessity of an active citizenry to help make government effective and to provide options

and alternatives. This in time led to the explosion in number and impact of voluntary organizations from the 1960s through the 1980s and to a denigration of government for its limitations and shortcomings.

The essential lesson that began with the 1920s and Herbert Hoover and which is still evolving is that Americans need both strong government and a strong voluntary sector and that it will not have either if national leaders do not understand the relative roles of the two. Voluntary organizations provide wonderful elements of spirit, participation, service, influence, and the freedom to do one's "own thing," but if government overloads them with the basic responsibility for public services, undercuts their income, and limits their roles for advocacy and criticism, they will fail society, and America will be at another point of national breakdown when people will demand that government do it all. That can be avoided if Americans understand the parallel lessons of the 1930s and 1980s about what voluntary organizations can do and cannot do. Voluntary groups can make government more responsive and efficient, serve as vehicles for influence and empowerment, and provide opportunities for pluralistic problem solving, but they cannot take the place of government. Officials must understand that, when it comes to abject interdependence, it is to democratic government that Americans rightfully turn for representation.

Although America's voluntary sector should not be viewed as more than an extra dimension, it represents very special opportunities for people to have influence and choices. Efforts by all Americans, including President Bush and Congress, should be devoted to building upon that uniqueness without exaggerating what the sector can do or what government should not do.

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Notes

1. J. D. Livingston Booth, "A Global Review of Philanthropy," speech delivered to Independent Sector Annual Meeting, 1985, Washington, DC.
2. Virginia Hodgkinson and Murray Weitzman, "Giving and Volunteering in the United States" (Washington: Independent Sector, 1988).
3. Waldemar Nielsen, "The Third Sector: Keystone of a Caring Society," Occasional Paper (Washington: Independent Sector, 1980).
4. Virginia Hodgkinson, Murray Weitzman, and Arthur Kirsch, "From Belief to Commitment" (Washington: Independent Sector, 1988).
5. Alexis de Tocqueville, "Of the Use Which Americans Make of Public Associations in Civil Life," in *Democracy in America*, vol. 2, book 2, chapter 5 (New York: Alfred A. Knopf, Borzoi Books, 1976), p. 110.
6. Virginia Hodgkinson and Murray Weitzman, *Dimensions of the Independent Sector: A Statistical Profile*, 2d. ed., (Washington: Independent Sector, 1986).
7. Independent Sector, *Daring Goals for a Caring Society: A Blueprint for Substantial Growth in Giving and Volunteering in America* (Washington: Independent Sector, 1986).
8. Reinhold Niebuhr, *Contributions of Religion to Social Work* (New York: Columbia University Press, 1932), p. 29.