

Giving circles gain diversity as their ranks continue to grow, report finds

BY JANE C. SIMON

The increasing diversity within giving circles is broadening the scope of causes they support and better reflecting the nation's changing demographics.

A report released this month by the Collective Giving Research Group finds that established giving circle members — those who have been members for more than one year — tend to be older, white, higher income, female, and married, which reflects the more traditional profile found in earlier research. More than half of giving circles include only women members, while three-quarters of their memberships are at least half female, according to the group.

“In contrast, new members are more diverse, ranging more broadly in terms of age, income, gender, and race,” according to the report, which notes that new giving circle members are more likely to be Latinos.

The Latino Giving Circles Network run by the Latino Community Foundation in

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California has made a more concerted effort to start the program in the Latino community, said Jason Franklin, who holds the W.K. Kellogg Community Philanthropy Chair at Grand Valley State University's Dorothy A. Johnson Center for Philanthropy.

Franklin, also a member of the Collective Giving Research Group, thinks the efforts have inspired Latinos in other parts of the country to get involved.

“We’re seeing a slow, but steady rise in Latino donors,” Franklin said, noting that more community members are “in professional careers and are willing to give at higher levels and connect with others.”

Over the course of the last decade, the Grand Rapids Community Foundation also has been holding conversations with the Latino community about what philanthropy might look like for them.

“We haven’t landed on exact ways for Latinos in giving,” said Jenine Torres, development officer with the GRCF. “We’re exploring what opportunities we have to bring on new friends to the foundation by using giving circles as a model.”

Giving circles remain attractive to women who feel that they are not seen as valued donors in a male-dominated society, similar to how donors of color often feel overlooked in a white-dominated society.

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A STRATEGY FOR FOUNDATIONS?

The giving circles concept has risen in popularity in recent years as a way to donate funds to nonprofits working on community issues. The Collective Giving Research Group found that the number of giving circles has tripled over the last decade. Since first launching, the groups have given \$1.29 billion to charitable causes.

The ongoing research on the key role giving circles play in philanthropy has not gone unnoticed by community foundations, who have increasingly been supporting their formation as a way to connect with new donors.

“The primary reasons that foundations and organizations are encouraging giving circles is to build a culture of philanthropy and reach a new and more diverse donor base than they’ve ever been able to reach,” Franklin said. “Giving circles emerged as a growth strategy for foundations, rather than a protection strategy.”

The biggest challenge for foundations that support giving circles is the staff time involved in assisting these groups. Franklin said many community foundations have underwritten the cost because they want to invest in an effort to engage more donors.

The GRCF was an early leader in the area of giving circles when it began a program called Social Venture Investors in 2004. By today’s definition, the program could be called a classic example of a giving circle because members were required to contribute \$2,000 annually, said Marilyn Zack, vice president of development for the GRCF.

“We would gather that group together a couple of times a year and they would make funding decisions based on the pool of money they had collectively created,” Zack said. “We ran that program for about five years and decided to stop the program because it was not a sustainable way for us to raise money at that time.”

MORE INVOLVED

While giving circles contributed only 13 percent, or \$30 million, to the \$390 billion donated to charity in 2016, research from Franklin’s group in 2017 found that people in giving circles contributed an average of about \$11,000 more and volunteered an average of 67.4 more hours than other donors.

“We are seeing people coming together for a common cause and because they want to give together,” said Kyle Caldwell, president and CEO of the Grand Haven-based Council of Michigan Foundations. “They are coming together to give to a cause they care most about.”

The Our LGBT Fund through the Grand Rapids Community Foundation is an example of donors coming together to support a specific cause, Caldwell said. The fund provides sponsorship and corporate leadership and goes to create a regional approach to issues the LGBT community faces in Allegan, Kent and Ottawa counties.

Carol Sarosik and Shelley Padnos founded the Our LGBT Fund with \$100,000 in November 2014. The fund has grown since then and is now valued at \$520,000.

“I think as a sector we are learning and discovering more about how to work with engaged donors in new and different ways, and this definition of giving circles is not a strict one,” Zack said.

Zack considers the Our LGBT Fund to be a giving circle because it allows people to give in support of a specific

cause and a population that’s important to them.

“I would also consider our African American Heritage Fund a giving circle because it’s also allowing people to give in support of a specific issue that’s important to them and the decisions are being made by group of people for whom that’s important to them,” Zack said.

STRUCTURE VARIES

Both Torres and Zack refer to these funds as “identity funds” because members identify with other members in these groups. They also consider service clubs such as the Lions Club or Rotary Club to be a form of giving circles because they are focused on specific causes.

“The Lions Club has a fund at the Community Foundation that we call a nonprofit fund and the Lions Club membership gives collectively to that fund to grow it and provide support,” Zack said. “They provide eyeglasses

and other sorts of vision support to people all across the world. That’s a traditional way of giving that groups like the Lions Club have been doing for a long time.”

Overall, giving circles have a wide range of structures, Franklin said.

“About 40 percent operate independently or have their own 501(c)(3) structure and about 55 to 60 percent are hosted by foundations, women’s funds, or entities such as the Jewish Federation,” he said. “We’re seeing the trend to slightly more structure and more formality.”

Many giving circles provide learning opportunities that members won’t find elsewhere, which is part of the attraction, Franklin said.

“There’s a slow but steady rise of best practices because the model is spreading and growing,” he said. ■