This Funding Initiative Has a Singular Goal: To Encourage Major Donors to Boost Their Giving

Connie Matthiessen | May 31, 2022

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The mission of the Crisis Charitable Commitment is featured prominently on its website: to encourage major donors to give more. Its latest strategy to achieve that goal is called Big Bet Bundles, an initiative to raise $41.5 million for three pooled funds that will "support Black-led organizations, safeguard voting rights, and raise awareness about the negative effects of excessive wealth on our society."

The name, Big Bet Bundles, is based loosely on a 2019 study by Bridgespan Group that explored why funders don't make more "big bets" on efforts to bring about social change. As IP reported, the Bridgespan team concluded that "the failure of philanthropic giving for social change work reflected the inability of groups in this sector to offer up 'shovel-ready' opportunities to donors looking to make major gifts. While it's easy to give $100 million to a university or a major cultural institution, it's much harder for donors to identify social change nonprofits that can absorb such gifts."

Big Bet Bundles will provide donors such "shovel-ready" opportunities — at least that's the intention. Each of the three pooled funds, or "bundles," has a goal of raising between $1 million and $40 million. "These pooled funds are designed to facilitate grantmaking for those who say that they want to donate more of their wealth to help causes and communities but don't know where to send donations," said Alan Davis, who chairs the Crisis Charitable Commitment, when the initiative was announced. Davis is also president of the Leonard and Sophie Davis Fund, which was established by his parents.

Davis put it more bluntly in a recent interview. "Bridgespan's research found that rich people want to make bets at scale to influence things. Pooled funds take the decision-making out of the individual's hands and give it to a group that has expertise and is closer to the ground. In the scheme of things, of course, these are not huge funds: $30 million is a rounding error for a billionaire. But these are models to show that a wealthy person or large foundation doesn't have an excuse for not giving at higher levels. It's been reported that some wealthy people, like Elon Musk, have said it's hard to give money away. I'm saying no, it's not. And it's time for these folks to step up to the plate."

A higher charitable standard

Now that the number of U.S. billionaires has topped 700 (some observers think that estimate is too low), it's easy to lose perspective on the dizzying amount of wealth that America's richest individuals actually control. Sure, it sounds impressive when we hear that a foundation or a big donor gave millions for a worthy cause, and those gifts are often transformative for the recipient. What often gets missed is just how puny a percentage of their assets the billionaire or foundation is actually giving away.

But Alan Davis has been paying close attention. Davis was always interested in wealth and inequality, but the pandemic opened his eyes to how little philanthropy was doing, given its vast resources.

Davis describes one particular meeting hosted by two very wealthy foundations to discuss support for voter protections, one of the priorities of his own foundation. During the meeting, Davis asked the representatives of the host foundations how much they were going to contribute. “They were planning to put in about five times what we were putting in — but they’re 100 times bigger than we are,” Davis said. “I’m thinking, ‘This doesn’t make sense to me. You think this is important, and you are putting in literally nothing? I mean literally, like, nothing!' I got pretty angry about that."

Two months later, Davis launched the Crisis Charitable Commitment (CCC), which challenges DAFs, foundations and ultra-rich individuals (ultra-rich is as "low" as $30 million) to meet CCC's "charitable standard," a level of giving that is significantly higher than most major living donors' typical giving rates and well exceeds the legal minimum for foundations.

To meet the charitable standard, a foundation would give 6% of the first $50 million of its endowment, for example, and 10% of the remainder of its endowment. Individuals with assets of $50 million or more would give $500,000 plus 2% of assets over $50 million, 3% over $150 million, 4% over $1 billion, and 5% over $25 billion. CCC asked signatories to meet the commitment for the years 2020, 2021 and 2022, and is currently in discussions about next steps. Another CCC program, the DAF Sponsor Initiative, pushes large DAF sponsors to make higher distributions and to have more transparency, as Davis laid out in an IP guest post last year.

To date, 105 individuals and organizations have committed to meet the CCC's charitable standard, resulting in $697 million in total giving. Davis is hoping that number will top $1 billion by the end of this year.

Davis is pleased that so many funders are participating, but points out that to date, no massive billion-dollar foundations have signed the pledge to give away more. The assets of participating foundations range from $1.6 million to $752 million, with just three — the Heising-Simons Foundation, the Libra Foundation and the George Gund Foundation — coming in at $500 million or more.

"There's this weird inverse relationship between [their] wealth and how generous they are," Davis said. "The largest foundations — those with a billion dollars or more — almost without exception stick to the legal minimum in what they give. I think it's totally irresponsible. We've been treated to this incredible market for 10 years now. So for people and foundations who have been raking in money, even during a pandemic, to not be willing to loosen up and give more — I would go so far as to say it's obscene."

Betting big on progressive taxation

The Crisis Charitable Commitment's Big Bet Bundles are intended to address crises exacerbated by COVID. There are many crises that fit that definition, of course, and Davis said it was hard to select just three. In the end, he and his team settled on the issues of racial justice, democracy and wealth inequality. The three corresponding funds are the Black Liberation Pooled Fund, the Healthy Democracy Fund, and the Tax the Ultra Rich Now! Education Fund (TURN).

The Black Liberation Pooled Fund, sponsored by the Solidaire Network, provides multiyear grants to Black-led social change organizations and movements. The goal of the fund is to "fortify Black resistance organizing, embolden the imagination and creation of liberatory Black futures, and invest in the development of Black movement infrastructure."

The Healthy Democracy Fund, hosted by the Tides Foundation, has two primary aims: to close the voter turnout gap, and to defend the voting rights of underrepresented communities, including people of color, young voters and low-income voters.

As for TURN, its strategy for tackling wealth inequality involves educating the public about the impacts of excessive wealth and advocating for increased taxes on the wealthy. It's managed by a coalition of organizations that were already working on state and federal tax issues as part of their larger agendas. The fund is kicking off its grassroots education and advocacy efforts in four swing states: Nevada, North Carolina, Pennsylvania, and Wisconsin.

Margarida Jorge, executive director of Health Care for America Now (HCAN), one of the groups involved in the campaign, believes that hiking taxes on the ultrarich has an increasingly broad appeal. "We're working in states where we think this is a breakthrough issue," she said. "It's going to influence how reporters cover the election and how voters think about the issues — especially in this moment of real economic anxiety."

People have many reasons for anxiety — the cost of healthcare, our underfunded public education system and the potential of another COVID wave, to cite just a few examples Jorge pointed to. “Those are all good things to worry about, but there is something we can do about it,” she said. “We are an incredibly rich country, where the 700 richest people aren’t paying a proportionate share of taxes. So we should feel confident that we have the resources to tackle pretty much any problem if we can create a system where everyone pays their fair share.”

Jorge appreciates CCC’s focus on taxes and income inequality, topics that have generally been of interest only to a small group of progressive funders, staying mostly off the radar for major foundations and billionaire donors. “We have been struggling to get people to care about taxes for years,” she said. “Without more investment, we won’t have a fair health system or a good education system, or racial equity in any sector. So it all comes back to taxes, and whether or not we’re going to have a tax system that applies the same rules to everybody. If we could get there, life would be very different in this country."

TURN is sponsored by the Amalgamated Foundation, which has made a point of giving at higher levels than legally required from day one. The staunchly progressive foundation is affiliated with Amalgamated Bank, which in turn grew out of the Amalgamated Clothing Workers of America, and will celebrate its centennial anniversary next year. The foundation, which also serves as a DAF sponsor, was an early Crisis Charitable Commitment signatory, and Executive Director Anna Fink says CCC's goals align with many of its ongoing efforts to transform the sector. "We have a 10% payout pledge to encourage our DAF holders to grant out more of their resources in real time, and our actual payout rate is closer to 50%," she said.

These policies haven't hurt the foundation, despite skepticism when it launched with a 10% payout pledge that some viewed as a potential turn-off for donors. “In fact, we’ve grown: We’ve quadrupled in size in 2020, and we doubled in size again last year,” Fink said.

“It’s raining right now!”

During my conversation with Davis, I circled back several times to ask why he thinks large foundations and wealthy people, particularly billionaires, don’t give more. It’s a theme we return to often at Inside Philanthropy — along with entreaties to funders to give away more, faster, with more transparency and fewer strings attached. (Here are a few more such efforts to note, including the Accelerating Charitable Efforts (ACE) Act, versions of which have been introduced in both the Senate and the House of Representatives.)

Davis suggested several possible reasons, including a reluctance to dip into capital, as well as the tendency to hoard wealth. “There’s a strong pull to hoard, for rich people and institutions.

To see wealth as a sign not just of net worth, but of personal worth, as well," he said.

Another justification funders give is that their resources may be needed in the future — the rainy day argument. One foundation president Davis knows, for example, argued that there are going to be many more crises down the road, and it's important for his foundation to be around to address them. "My question for him is, so you're going to address the climate crisis 20 years from now?" Davis marveled. "You're going to address the crisis in our democracy 20 years from now? Everyone is saving for a rainy day, but it's raining right now! It's pouring!"

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