COUNCIL on FOUNDATIONS

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Committee on Ways and Means
Hearing on Tax-Exempt Charitable Organizations
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Statement for the Record by the Honorable Steve Gunderson
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Thank you for the opportunity to appear this morning.

The Council on Foundations (COF) is a membership organization of more than 2,000 grantmaking foundations and giving programs worldwide. For more than 55 years, the Council has served the public good by promoting and enhancing responsible and effective philanthropy. The Council's membership includes private foundations, community foundations, company foundations, corporate giving departments and public charities that are primarily grantmakers. The world of philanthropy is growing and changing and the Council is changing with it.

We gather today at a unique time in American history, and philanthropy. Thanks to the combination of demographics and personal resources, we are looking at the most significant generational transfer of wealth at anytime in world history. Whether we can use this moment to create new philanthropic resources committed to enhancing the public good depends upon how well we – you, the Congress, and those of us in philanthropy – can partner to create the tools for a new generation of service to society. One of the most distinguished leaders in our sector, Barry Gaberman of the Ford Foundation, defines philanthropy as the "voluntary transfer of personal resources to the public good." This is our moment.

Today, the Foundation Center (one of our sector's best research organizations) estimates that the nation's more than 71,000 grantmaking institutions contributed over $40 billion in 2006 to the betterment of communities in America and around the world. Collectively, these philanthropic institutions hold approximately $550 billion in assets. Consider these commitments. In 2005, philanthropy resources were allocated as follows:

- 24% to education
- 21% to health care
- 26% to the combination of human services and public affairs/society benefit, a category which includes the promotion of civil society, civil rights, and community improvement.
- the remainder to arts and culture, environment and animals, international affairs, science and technology, social sciences, religion, and other

Half a trillion dollars in assets is a vast sum of money, but a word of caution is in order. Even with these generous resources, philanthropy can never take on government's role in providing services and resources to Americans. Just as an example, foundation assets in 2006 – that's total assets, not grants – equaled just 21 percent of a single year's federal budget. If grantmakers spent all the money they have, they could cover one year of Social Security payments or three years of interest on the national debt. But then the money would be gone.

Although philanthropic institutions can never replace government, foundations can and do play a vital role in strengthening and sustaining communities. In doing so there are times when foundations collaborate with government to pioneer innovative solutions to pressing problems. At other times, philanthropy's role may be to challenge government to do better. Let me cite several examples.

Atlanta

The Community Foundation for Greater Atlanta recently led a successful three-year pilot program, the Metro Atlanta Youth Opportunities Initiative (MAYOI), to help young people make successful transitions from foster care to adulthood. The pilot enrolled 240 youth and made use of multiple strategies to assist youth through this transition period. One of these – a program to encourage savings by combining instruction in financial literacy with a 1:1 match of participants' deposits resulted in 82 young people saving $83,000 toward asset purchases.

- Two participants became homeowners and two others opened successful small businesses.
- 32 participants secured rental housing
- 46 participants purchased vehicles
- Two participants used the match funds toward investments
- Two participants used the match funds for educational expenses (the state offers tuition waivers for foster youth)

Based on the lessons learned from the pilot effort, the community foundation is now working with its public and private partners on a second three-year effort to institutionalize components of the pilot effort statewide and to provide reliable financing for the program, including maximizing federal and state funding, making existing funding streams more flexible, and creating public-private partnerships with local banks.

The Arthur M. Blank Family Foundation has a vision for Atlanta of a community that holds promise for every child; of a city with a sense of place and potential; of vital neighborhoods, rich with vibrant cultural opportunities for all. In support of this vision, the foundation awarded $23 million in grants last year, primarily in Atlanta.

- The foundation's Pathways to Success partnership provided over $4 million, payable over four years, to support programs for students who attend Atlanta's New Schools at Carver - the Southeast's first "small high school" campus.

- Early grants from the Blank Family Foundations Inspiring Spaces program led to the development of the plan for The Atlanta BeltLine, a proposed 22-mile loop of trails, transit, and parks, which promises not only to connect communities, spur development, mobilize residents, and increase green space, but to redefine and transform the City of Atlanta. The foundation has continued to provide support for land acquisition, trail development, park advocacy and park improvement.

- Through the Better Beginnings initiative the Blank Family Foundation is helping more children in Atlanta's toughest neighborhoods and poorest circumstances get a fair start in life, by funding early learning and family support services. For example, $450,000 in mini-grants will support nonprofit organizations and child care centers that implement practices designed to reduce child abuse and neglect, promote child development and family well-being, and lead to improved long-term outcomes for children.

Over the last ten years, IBM, whose Corporate Citizenship and Corporate Affairs Department is headquartered in Atlanta, has been one of the largest corporate contributors of cash, equipment, and people to nonprofit organizations and educational institutions across the U.S. and around the world. The company's efforts focus on helping people use information technology to improve the quality of life for themselves and others. As one example, the IBM KidSmart Early Learning Program integrates new interactive teaching and learning activities using the latest technology into the pre-kindergarten curricula. The program is now being implemented in 60 countries internationally, serving more than 2 million children from remote geographic areas to underprivileged areas of town and cities

Kalamazoo, MI

For more than a century, the local economy of Kalamazoo County, Michigan's population of 250,000 had relied on the presence of "Big Pharma"–namely, Upjohn Corp. – for its continued robust health. When Upjohn merged with Pharmacia and then was acquired by Pfizer, Inc, the resulting loss of jobs, people and philanthropic support was potentially devastating to the area. More than 1,200 jobs were eliminated with the Pfizer purchase alone. Community leaders banded together with Southwest Michigan First (the area's private, nonprofit economic development organization) to develop a far-reaching, forward-thinking plan to help save Kalamazoo's economy. An integral component of the plan was a scientific incubator designed to encourage biotech and life scientists to stay in the area. After receiving state, city and county funding, as well as private donations, Southwest Michigan First was $2 million short of its Innovation Center construction budget. The Kalamazoo Community Foundation stepped in with a $2 million program-related investment to make up that shortfall. Today, the Southwest Michigan Innovation Center is home to a dozen thriving start-ups, launched and staffed largely by ex-Pfizer scientists, creating high-skill/high-wage jobs and contributing to the area's continued economic growth and development.

Rhode Island

HousingWorks RI is a coalition of more than 120 organizations, led and financed by The Rhode Island Foundation, to ensure every Rhode Islander a quality, affordable home. Coalition members include banks, builders, chambers of commerce, colleges, community-based agencies, faith-based groups, manufacturers, municipal officials, preservationists and unions. Through its members, activities and website: HousingWorks RI:

- Draws attention to housing issues in Rhode Island.
- Provides a one-stop, authoritative source of information about affordable housing in Rhode Island.
- Hunts down new ideas and best practices from across the nation.
- Celebrates housing progress in our communities.
- Advocates for solutions that will end the housing crisis.

The coalition achieved its most significant victory to date in November 2006, when 66 percent of Rhode Island voters approved a $50 million affordable housing bond, the largest majority given any affordable housing referendum in the United States. Since then, Rhode Island's Housing Resources

Commission (HRC) has received more than 60 applications seeking funding to construct 936 affordable homeownership and rental units.

Philanthropy's Growth in Size

As I look at global philanthropy in the 21st century, I am convinced that we will be defined by the three Ss. We'll certainly grow in size. Projections are that we'll witness no less than $41 trillion in asset transfer by the middle of this century; no less than $6 trillion of this for charitable giving. We don't know how much of that giving will be directed to foundations, but whatever the amount, it is clear that we will witness growth at rates much faster and much larger than previously anticipated.

Philanthropy's Growth in Service

We will grow in our service to the common good. In area after area, we are witnessing the growth of philanthropic leadership, which complements effective grantmaking. We are looking at new ways in which philanthropy fills the void left by government at all levels when political polarization results in policy paralysis. It is not philanthropy's role to step in where government has failed to do its proper duty. But it is clear that the vision, leadership, and innovation in addressing the challenges facing our social sector will come more and more from philanthropy. Philanthropy's very mission is to innovate, take risks, be creative, sometimes even fail – but keep moving forward to find new ways to respond to the challenges of society.

As we grow in service, we will also embrace a new generation of philanthropic leadership. Today, the Council on Foundations has just become the program leader for a coalition of philanthropic organizations seeking to create new partnerships between public, private and philanthropic resources aimed at workforce investment.

As I speak, we are engaged in a national feasibility study to determine how philanthropy can better respond to our national disasters in the future. We too learned from our response to Katrina. Today, we are proposing to our field a national task force of philanthropic experts in disaster response who would be prepared for instant relocation to a disaster to determine how philanthropy can best coordinate its resources to a most effective response. We are also asking the question of whether we should capitalize a philanthropic disaster fund to more effectively coordinate our resources.

Next month, we are convening in Missoula, Montana a national conference on Philanthropy and Rural America. We hope to use these three days of meetings with rural funders from all over the nation to craft "A 21st Century Agenda for Philanthropy and Rural America."

We are also presently engaged in an Initiative of the America's to grow philanthropy's role in addressing the social challenges facing our neighbors in the Latin American/Caribbean region. The Council has just committed $100,000 to strengthen the philanthropy infrastructure and to translate our materials into Spanish to provide better access to these materials in ways that will grow philanthropy's service.

Around the globe, philanthropy is playing critical roles to fight HIV/AIDS in Africa, and to promote civil society in the new democracies of Eastern Europe. Because of our continued interest in supporting and expanding all international philanthropy, I wanted to share with you some comments about the Treasury Department's Anti-Terrorist Financing Guidelines: Voluntary Best Practices for

U.S.-Based Charities and their potential to harm our collective work. The Guidelines based on Treasury's view that the U.S. charitable sector is a significant source of financing for terrorists.

Let me be clear, the Council on Foundations is steadfastly opposed to the use of charitable vehicles for the support of terrorist activities at any time in any place. Our work is geared towards supporting appropriate safeguards against any use of the charitable sector for this purpose.

In fact, we have seen no evidence to indicate that U.S. charities are a major source of terrorist support. Out of hundreds of thousands of U.S. charities and billions of dollars given out in grants and material aid each year, only six U.S. charities are alleged to have intentionally supported terrorists. Thus far, Treasury has not identified a single case of inadvertent diversion of funds from a legitimate U.S. charity to a terrorist organization. In other words, *bona fide* charities are doing an excellent job of following IRS rules concerning due diligence and taking reasonable precautions to ensure that charitable assets are not diverted for terrorism or any other unlawful purpose.

The principal difficulty with the Guidelines is that they call on charities to collect a prodigious amount of information about their grantees – much more than is legally required. If charities were to fully comply, they would incur substantial additional administrative costs resulting in less funding going directly to charitable activities. Given that existing due diligence has apparently been sufficient to prevent the diversion of funds, the collection of this additional information should not be necessary. An even larger issue is that, by exaggerating the extent to which U.S. charities serve as a source of terrorist funding, Treasury is fueling an environment in which wary donors may refrain from making charitable contributions.

The Council-led Treasury Guidelines Working Group of 75 foundations, charities, associations, advocacy groups and legal experts has met with Treasury, commented on various versions of the Guidelines, and developed a helpful alternative for the charitable sector titled the *Principles of International Charity*. While acknowledging that successive versions of the Treasury Guidelines have improved, the Working Group has continued to feel that, on balance, they are not useful and we have consistently urged that they be withdrawn.

Philanthropy's Growth in Scrutiny:

We will also grow in scrutiny as both policymakers and the media seek to monitor, investigate, and yes, regulate this field. And regulation of the philanthropic sector is part of why we're all here today. Hardly a month now goes by when I'm not spending time with a new reporter just assigned to the philanthropic beat of their news agency. And hardly a week goes by when we don't hear from the Washington Post, the New York Times, the Los Angeles Times, or the Wall Street Journal.

In defining our field, philanthropic organizations must be ethical, accountable, and effective.
As Council board chair, Max King, CEO of the Heinz Endowments, said at our Annual Conference this year:

> For us, these matters of good governance, accountability, and strong ethics are, we know, central to our mission and our success. We must all become expert in managing these public-trust issues, and we must become highly skilled in collaboration and communication in order to ensure that the general public and its representatives fully understand our work and the requirements for success.

Our growth and our service are dependent upon our ability to earn and maintain the public trust. Our growth and our service are also dependent upon policymakers becoming our partners in creating the environment that encourages the growth of philanthropy. There are times when legislation and regulation are appropriate and necessary. But we must be partners in this effort in ways that achieve the proper balance – both in the environment we create and in the impact these regulations have on philanthropy. For our part, the Council and its members will continue the steps we have taken toward effective, credible self-regulation. We have established standards for every sector of our membership. We have significantly enhanced our ethical review process. The Council on Foundations takes self-regulation seriously and our members join us in this commitment.

You should know, Mr. Chairman, that the Council on Foundations has embarked upon a major leadership initiative to promote diversity within our sector. Last year, our Board of Directors approved an aggressive agenda recommended by our Committee on Inclusiveness. The agenda consists of six initiatives:

1. Philanthropy Corps – To attract and retain diverse talent in service to philanthropy.
2. Emerging Philanthropic Leaders Fellowships – To mentor and highlight promising talent that is new to the sector.
3. Effectiveness Requires Inclusiveness: Educational Programs for Grantmakers
4. Communicate Philanthropy's Value and Knowledge on Societal Issues
5. Research on the Value of Inclusiveness
6. Connecting US Expertise with International Outreach.

We have just completed a national search and in August the Council's new Director of Diversity and Inclusive Practices will lead our efforts to ensure that our field reflects the face of those we seek to serve in every way.

Building a Partnership

Mr. Chairman, your call for this hearing talked about the Partnership between the public and non-profit sectors in serving society. We share this commitment. And we ask our partners in the Congress to help us create the legislative and regulatory environment which enhances the growth of philanthropy – in order to grow our service to society.

The committee has also asked for comments on the Pension Protection Act of 2006. The Council will be filing detailed comments by the July 31 deadline, but let me make just a few key points, particularly with respect to the Act's regulation of donor advised funds.

The Council's membership includes 561 community foundations, all of which have assets held in donor advised funds and many of which also are supported by supporting organizations.
The Council's membership also includes about 130 other public charities that are primarily grantmakers. Some of these members also offer donor advised giving as an option to their donors and some also have supporting organizations. Some public charities in this latter group focus on international grantmaking, while other support a community of interest such as the environment or women's issues.

Donor Advised Funds

Donor advised funds are a critical and increasingly important source of funding for important community programs. In a recent Council survey, 85 of the 125 largest community foundations reported making more than $1.05 billion in donor advised grants in 2005.

There are probably as many reasons for establishing advised funds as there are donors to them. However, the most important is that donors are generous and committed people with a passion for their causes and their communities. Through their donor advised funds, they provide support for charities today and, in many cases, create a legacy for the future. To take just one example, last year six donors to the Minneapolis Foundation recommended grants totaling $16,500 from their advised funds to the Sleep Out 2006 Campaign, which supports Interfaith Outreach & Community Partners' emergency housing services and long-term housing solutions. During FY2005-06, IOCP responded to 2,325 emergency housing assists, provided temporary emergency shelter for 59 homeless households, and prevented 13 families from losing their homes. IOCP also partnered with Twin Cities Habitat for Humanity and CommonBond Communities, among others, to begin construction on 54 units of long-term affordable housing in Plymouth and Wayzata.

Increasing Participation in Philanthropy: Donor advised funds offer donors several advantages over both private foundations and supporting organizations. Chief among them is that they give a broader segment of society the ability to participate in philanthropy. Many community foundations permit donors to maintain advised funds with as little as $10,000 and some even offer “acorn” funds that allow donors to create a fund with even less, bringing their funds to the minimum level over a specified period of time. This low cost structure has allowed many middle-income families to participate in philanthropy and their participation has brought major benefits to communities.

Efficiency: Donor advised funds offer efficiencies that could not normally be achieved in comparably sized private foundations or supporting organizations. Donors are attracted to advised funds because they are relatively simple and inexpensive to create and maintain.

The active oversight of a public charity that owns the funds replaces the need to create yet another nonprofit corporation or trust, seek IRS recognition of its charity status, and file annual information returns with the IRS and the states. Relying on the sponsoring charity to provide oversight, and to serve as a single point of contact with regulators, not only reduces administrative costs, but also benefits both the state and federal government by reducing the total number of exempt entities each must oversee. For the IRS alone, the reduction in the number of exemption applications and information returns that would otherwise have to be filed each year is significant.

Effectiveness: Donor advised funds at Council members offer donors the benefit of access to the members’ professional expertise. By choosing to establish advised funds at community foundations and similar public charities, donors bring themselves within the organization’s web of knowledge about the communities the organization serves. Donors and foundations, working together, can establish goals for the donors’ philanthropy, then explore the wide range of charities working in the community to identify those that efficiently and effectively offer the services the donors want to support.

Stewardship: Donors appreciate, as well, the prudent stewardship of their charitable gifts. Council members employ professional investment managers and investment consultants to advise on the investment of the foundations’ assets. These managers are overseen by volunteer boards and generally by volunteer investment committees that also possess investment expertise. Many small private foundations are unable to access similar expertise.

Focus on Mission: Yet another benefit to donors from choosing an advised fund over a private foundation or supporting organization is that they do not have to concern themselves with the administrative details of running a small organization. Instead, they can focus their efforts on supporting their charitable causes, while relying on the sponsoring organization to ensure that fund investments and distributions are fully compliant with IRS and state requirements.

Facilitating Giving: Donor advised funds are well-suited to the needs of donors who are planning to sell a substantial asset such as a business or real property. The proceeds from the sale will significantly increase the donors' income, enabling them to make a generous gift, but they may not know how their gift can be employed most efficiently and effectively. Donor advised funds allow these donors to make a substantial gift, permanently dedicated to supporting charity, yet still have the opportunity to consider how those funds can be most effectively used to promote the public good. Without such flexibility, many charitable gifts would be delayed and some ultimately might never be made.

Finally, advised funds benefit many small charities. Many smaller organizations lack the expertise to accept and process even fairly simple gifts of property such as publicly traded stock. Further, they would incur substantial fees if donors, for example, were to break up a gift of securities into odd lots. This benefit is even more pronounced when donors contribute a substantial asset, such as real property, that requires liquidation to free up assets for charitable use. Donors in these situations often want to benefit more than one charity. An advised fund allows them to do so, by making their gift to a single charitable organization and then recommending grants to other charities they wish to support.

Supporting Organizations

Supporting organizations that support Council members offer many of the benefits of advised funds. Typically, donors establish supporting organizations when they have substantial assets to contribute – many Council members require gifts of at least $1 to $5 million to justify the expense of creating a supporting organization. Most supporting organizations at Council members are Type I, although there are some Type IIs established to accept gifts of real property and a scattering of Type IIIs.

Donors who establish supporting organizations generally are also weighing the benefits of setting up a private foundation. The factors they consider often include the more favorable income tax deduction rules that apply to gifts to supporting organizations because of their public charity status compared with the control they are permitted to exercise if they establish a private foundation. Donors who choose a supporting organization over a donor advised fund generally do so because they want to play an active role in the organization's governance, even though they are not permitted to control it.

The Pension Protection Act has made the choice of philanthropic vehicle more difficult. This is particularly the case for the comparison between supporting organizations and private foundations because the rules that apply to supporting organizations are now stricter than the comparable rules for private foundations. This has led some supporting organizations to convert to private foundation status and is likely to lead to fewer supporting organizations in the future.

Like donor-advised funds, supporting organizations provide substantial and important support to communities. For example, the F.T. Stent Family Foundation, a supporting organization of the Community Foundation for Greater Atlanta made a $20,000 grant to Action Ministries, Inc. in 2005 to provide transitional housing and supportive services to 25 individuals displaced by Hurricane Katrina, most of whom will be making Georgia their home. In addition to providing direct support, the grant from the Stent Family Foundation enabled Action Ministries to claim approximately $75,000 in federal and state money for case management and program operation. In 2005, Action Ministries' transitional housing and case management services supported 144 individuals, which included 57 adults and 87 children. Of the 13 families that graduated from the program, 11 obtained permanent housing.

The Pension Protection Act

The Council supported and continues to support many of the reforms that Congress enacted last year in the Pension Protection Act of 2006. Council members not only have not abused the public trust, they have been a key source of support for their communities. However, there were some examples of the use of donor advised funds and supporting organizations for the personal gain of the donor, a promoter, or both. Changes made by the PPA, and particularly the institution of penalties for donors who misuse charitable contributions for their private benefit, effectively address these outliers.

However, the Council and its members were deeply disturbed by the last-minute decision to exclude gifts to donor advised funds, supporting organizations, and private foundations from the legislation's principal incentive to increase giving, the charitable IRA rollover provision. Our members have reported to us the extreme frustration of their donors that the law did not permit IRA rollover distributions to their donor advised funds. Our members are also reporting that many donors are choosing a second-best option by creating funds for charities designated at the time of gift. Because these designations cannot be changed once they are made, the resulting fund will lack flexibility to address emerging community needs. We urge you to extend the IRA charitable rollover before it expires at the end of this year, but we also urge you to allow donors to choose how they want to direct their gifts.

We were also disturbed by the decision to subject donor advised funds to the private foundation excess business holdings rule. We are aware of media reports in which donors have used certain Type III supporting organizations in the same way pre-1969 donors had used private foundations to secure current deductions for gifts of business interests that subsequently generated no corresponding support for operating charities. The PPA appropriately addresses this abuse by subjecting non-functionally integrated Type III supporting organizations to the section 4943 business holdings limitations.
By contrast, neither the media nor Congress identified, and the Council on Foundations is not aware of, any significant cases in which donor advised funds were making decisions about how long to retain business holdings based on the private interests of the donor (as opposed to maximizing the long-term value of the assets to the fund). Further, there is no reason to believe that any such abuses would occur more frequently when the gift is made to a public charity to establish a donor advised fund than when given to a public charity for another type of fund. We believe Congress should repeal the application of the excess business holdings rule to donor advised funds.

Finally, we are concerned that Congress singled out families who choose to create Type I supporting organizations to carry on their philanthropy and treated them more harshly than families that create private foundations by refusing to permit compensation for services provided to the supporting organization or even the reimbursement of a family member's out-of-pocket expenses. We believe that Type I, II and functionally integrated III supporting organizations, should be able to provide compensation and expense reimbursement provided the payments are approved in advance by the organization's non-family board members.

The Council is also calling on Congress to make a series of adjustments to the Pension Protection Act reforms to address some situations in which the Act is hampering community philanthropy.
These include:

- Clarifying the ability of sponsoring organizations to purchase goods and services on the open market using advised fund assets
- Excluding funds created by public charities and governmental entities from the definition of donor advised fund
- Permitting, with appropriate safeguards, advised funds to make grants to individuals for the relief of poverty or distress
- Clarifying that the designation in a gift instrument of scholarship committee members by title or position does not constitute an appointment by the donor of persons holding those positions
- Providing for abatement of first-tier taxes for the new penalty provisions of the PPA on the same basis as for existing penalty taxes
- Temporarily suspending the penalties for making grants to certain supporting organizations until the Internal Revenue Service can reliably identify those organizations
- Including certain publicly-supported charitable organizations within the definition of functionally-integrated Type III supporting organizations.

We will outline these areas in more detail in the statement we submit in response to the Committee's request for comments on the PPA.

Before leaving the PPA, let me underscore one other important point. That is the clear and pressing need for guidance from the Internal Revenue Service on interpreting the new requirements and for the IRS to mount and maintain an effective enforcement presence in the exempt organization area. Otherwise, we will find ourselves in a kind of death spiral in which Congress legislates ever more restrictive rules that seriously impede the ability of philanthropic organizations to accomplish their work while the abuses continue unchecked.

While the Council seeks help from Congress in fixing certain aspects of the Pension Protection Act, we are also committed to creating a positive legislative agenda to foster the growth of responsible and effective philanthropy. You will be hearing more from us about this in the future, but we are looking at such issues as:

- Changes to the rules for program related investments by private foundations to facilitate these investments, which are key to both urban and rural economic development activities. Our changes would allow entities, such as the proposed low-profit, limited liability companies or L3Cs, that want to receive these grants to pre-qualify as eligible recipients.

- Legislation to create an Office of Rural Philanthropy in the Department of Agriculture that would assist communities in creating new community foundations and other vehicles for philanthropy.

- Flattening the private foundation excise tax to 1 percent to remove the tax's perverse disincentive to increase giving and to increase the flow of grant dollars

- Extending the PPA's incentives for gifts of qualified conservation property

- Making Indian tribal governments qualified recipients of charitable contributions of certain gifts of food by businesses

As part of our commitment to a positive agenda to enhance philanthropy, I am very pleased to share with you the news about the establishment of a Congressional Philanthropy Caucus. I applaud the leadership of your colleagues, Representatives Stephanie Tubbs Jones (OH) and Robin Hayes (NC) for establishing this bipartisan caucus and serving as its House Co-chairs. The goals of the Congressional Philanthropy Caucus include informing Members of Congress and congressional staff about foundations and the important role that foundations play in our communities and around the globe, as well as identifying issues of mutual interest to the philanthropic sector and lawmakers. A Dear Colleague letter was circulated July 12th so we encourage you to join.

Turning back to the main topic of this morning's hearing, we must find a way to work together to produce healthier communities, more educated children, higher rates of employability and employment, decent housing, and compassion for those who cannot compete. Sustainability is the measure of outcomes, of change actually achieved—not only to make a difference, but also to make it again and again. Healthy children and communities are not "programs," nor are they mere ideals. They are outcomes that flow from hard and sometimes dangerous work, results that are earned by sweat and sometimes blood. Communities are not clouds that drift by or wishes that go gently to sleep; they roar with traffic and crying children, they grow with investment and a neighbor's sturdy nature; they shrink and collapse when poverty grinds them down. They burn when we are so angry we no longer have hope. They are resurrected when leaders come forward with integrity and a vision built on better knowledge, keener listening, greater diversity, and a commitment to finer outcomes. Together we must allow the creative energy of philanthropy to fulfill every donor's dream of a better world.