

# Financing Faith: Religion and Strategic Philanthropy

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*Over the last century, a new form of strategic philanthropy arose—that of the private foundation. Foundations do not account for a large portion of donations received by religious organizations, but they can deploy important resources at critical moments. Examining data between 1999 and 2003 from the Foundation Center on grants and grant making, we find that a very small number of foundations are dominant actors in religious strategic philanthropy. These organizations introduce isomorphic tendencies within American religion. Federal tax policies and financial scandals precipitated the emergence of more organizational forms—regranting organizations, supporting organizations, and oversight organizations. Factors such as secularization, religious pluralism, and globalization have generated new challenges for private foundations, and in the aggregate, these developments have contributed to a restructuring within the world of religious philanthropy.*

## INTRODUCTION

The relationship between church and state has animated numerous studies in the United States, including examinations of public education (Sikkink 1999), presidential politics (Smith 2006), and studies of policy debates such as abortion (Evans 2002), same-sex marriage (Soule 2004), and welfare (Gill 2004). Far less attention has been paid to the role of economic policy in shaping the religious sector. Since the 1996 Welfare Reform Act, there have been a few helpful studies on the effects of government funding of nonprofits, which include religious organizations (Chaves, Stephens, and Galaskiewicz 2004; Kennedy, and Bielefeld 2002; Pipes and Ebaugh 2002). And over the years, a handful of studies have looked at federal tax policy's influence on religion, most often in terms of how religious aims and activities affect organizations' tax-exempt status (Beebe 1979; Manion 1986). We look at one particular aspect of church-state relations—namely, how federal tax policy has influenced religious philanthropy in the United States. We focus not on individual-level giving but instead examine the role of private foundations (and related entities) in religious giving. We argue that, though these organizations have largely been ignored by sociologists of religion, they are important because of their institutional independence, financial resources, and unique ability to redirect energies within an institutional field. Moreover, the growing importance of such entities has been underscored by the emergence of two additional organizational actors—supporting organizations and oversight organizations—which have received even less scholarly attention by sociologists of religion. Both organizational types exist in other philanthropic arenas (in supporting the arts, education, and healthcare, for example), but over the last two decades, they have become increasingly prominent for religious philanthropy. After explaining how federal tax policy led to the emergence of certain organizational forms

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within the field of religious giving, we focus on those foundations that have given the most to religious causes in recent years. This, in turn, allows us to explore how leading actors are restructuring the institutional sector, thereby introducing isomorphic tendencies in a field that has largely resisted institutional isomorphism (Chaves 1997). We conclude with some observations on how three social changes—secularization, increasing religious pluralism, and globalization—have introduced new challenges for foundations' strategic philanthropy to religious causes.

### **The Religious Philanthropic Sector**

In the West, religion has long been an important source of philanthropy: the Hebrew and Christian scriptures are filled with admonitions about caring for the poor, and the Koran exhorts faithful Muslims to give regularly for the common good. From at least the fourth century, stewardship has been an important theme in theological writing. The Roman Catholic Church was an important source of patronage for the arts during the late Middle Ages and Renaissance, and the Protestant reformers actively established relief chests for the poor (Prewitt 2006). In the United States, philanthropy typically arose from religious motives and was often organized through religious networks. Examples include the significant patronage received by the largely Congregationalist American Board of Commissioners for Foreign Missions during the 1820s and 1830s, the religious roots of many of the nation's colleges, and the urban relief efforts of the Salvation Army and similar groups that began in the 1890s (McCarthy 2003; Winston 1999). At present, the United States remains one of the most religious industrialized societies in the world, according to polls about belief in God and religious participation (Gallup and Lindsay 1999), and the nation's 340,000 congregations are more numerous than any other set of community organizations, provide significant social services to their members, and play a major role in national and international humanitarian efforts (Wuthnow 2003, 2004). Yet the historic relationship between religion and philanthropy and the current prominence of U.S. religion are not in themselves indications of religion's connection with *foundations*. Indeed, the modern U.S. foundations that emerged in the early 20th century were most visibly inspired by philanthropists such as Andrew Carnegie and John D. Rockefeller, who, while religiously motivated, were dissatisfied with organized religion and wished to promote humanitarian causes in innovative ways (Bremner 1988).

Although private foundations have existed for a long time in the United States, it was not until the Tax Reform Act of 1969 that Congress defined what it regards as a "private foundation," and only then did Congress identify the major regulations on its activities. Fundamentally, private foundations are charitable organizations—that is, they serve a charitable purpose for society—that do not solicit funds from the public. Private foundations invest endowment dollars, a portion of which they annually distribute (at least 5 percent) to charitable causes and for administrative expenses. Section 509 of the Internal Revenue Code specifies how these organizations are funded (usually through contributions by an individual or a family) and how they must spend their money on a regular basis. Because private foundations only pay federal taxes of 1 to 2 percent on their investment income (depending on how much money they give away), they have been popular ways for the wealthy to protect their assets. Prior to the 1969 legislation, critics charged that private foundations were merely tax havens for the elite. Many assumed that once the federal government defined them and set parameters for their activities, their numbers would diminish (Lewis 1969). But just the opposite occurred. In 1974, 26,889 private foundations filed tax returns with the Internal Revenue Service (IRS 1981). By 2006, that number had nearly tripled to 79,765 (National Center for Charitable Statistics 2007).

Foundations have been attractive to wealthy benefactors for quite some time, and a number of private foundations have allocated funds for religious causes. On the whole, however, these have not provided the primary means through which religious organizations raise and dispense funds. Instead, religious benevolence was thoroughly institutionalized in religious organizations

themselves. Local congregations provided a vast infrastructure for soliciting tithes and offerings from rank-and-file members, and religious leaders saw little need to organize foundations or to seek their support (Lankford 1962; Primer 1979). When Charles Finney sought funding from the Tappan brothers in the 1830s and when Presbyterian leader A. T. Pierson became the beneficiary of retailer John Wanamaker's support in the 1880s, for instance, they simply worked directly with their prospective donors. Foundations were seldom involved.

Notable exceptions nevertheless demonstrate that foundations and religion were not as separate as one might think. In 1799 Presbyterian leaders established an agency within their denomination to solicit "pious donations and bequests in order to supply the funds which are absolutely necessary to carry on with advantage the great and charitable work" of the church. That agency evolved into the Presbyterian Foundation, which, in conjunction with the New Covenant Trust Company, manages assets of \$1.6 billion.<sup>1</sup> To accommodate differences in state laws, statewide foundations also emerged, such as the Texas Presbyterian Foundation (1925). Another example is the Baptist Foundation of Texas (BFT), founded in 1930 to manage endowment funds of Baptist institutions and agencies (Smart 1970). The BFT came into being to ensure that funds raised in Baptist congregations, especially from wills and life insurance policies, were invested wisely in preparation for building churches and supporting missionary endeavors. Instead of depending on banks' expertise, especially at a time when bank failures were common, Baptist leaders formed their own agency to make investment decisions. In subsequent years, similar foundations were organized by other statewide Baptist Conventions, including Alabama (1940), Kentucky (1945), New Mexico (1946), Oklahoma (1947), Arkansas (1949), and California (1952). Unlike the more nationally visible foundations begun by Ford, Rockefeller, and other wealthy philanthropists, these religious foundations were designed to receive and centrally administer the contributions and bequests of ordinary working- and middle-class church members.

Just as the 1969 legislation defined a philanthropic vehicle (the private foundation) that had been around for decades, the Pension Provision Act of 2006 defined donor-advised funds, which, by that time, had become the fastest growing philanthropic tool of the last 20 years. Whereas thousands of newly wealthy families in the 1970s and 1980s created private foundations—which were most often family foundations (such as the Walton Family Foundation, which was created in 1987 by Sam Walton, the founder of Wal-Mart)—the newly rich of the last two decades have directed their philanthropy through donor-advised funds. Here again, federal tax policy is shaping the conduits of wealthy individuals' giving. According to IRS regulations, an individual's or couple's contributions to a private foundation are limited to 30 percent of adjusted gross income whereas contributions to a donor-advised fund can be up to 50 percent of adjusted gross income. The tradeoff is that individuals have more control over private foundations—both in terms of investing the money and spending it; with donor-advised funds, donors relinquish absolute control over the money. They merely "advise" where the funds should be distributed, and they pay annual service fees to be part of the entity managing their particular fund. Private foundations are also subject to an excise tax of 1 or 2 percent whereas donor-advised funds pay no excise tax. Private foundations are much more expensive to maintain and demand more time to manage than donor-advised funds. For all of these reasons, the number of donor-advised funds is growing dramatically, with 122,500 account holders as of late 2008 (Hastings 2008). Often, donor-advised funds are organized through larger entities, such as community foundations. Community foundations and similar philanthropic institutions that manage donor-advised funds are known informally as "regranting organizations" because they serve as clearinghouse entities that collect money from a variety of sources (family or private foundations, families, or individuals) and then redistribute it to charities such as local hospitals, universities, or religious organizations.

<sup>1</sup> Quoted in a brief history provided at [www.presbyterianfoundation.org](http://www.presbyterianfoundation.org).

## Isomorphism Within Religious Philanthropy

Neoinstitutionalism argues that organizations within the same institutional environment tend to be similar. Uncertainty, risk, and wider constraints lead to homogeneous organizational structures and cultures, and DiMaggio and Powell (1983) distinguish between coercive and mimetic isomorphism. Coercive isomorphism occurs as entities such as the state regulate the activities and definitions of organizations. Federal tax policy, for example, can induce isomorphic tendencies. Mimetic isomorphism emerges from organizations modeling themselves after other organizations that they perceive to be successful. Mimetic isomorphism helps explain why new airlines introduce frequent flyer programs, even though it does not give them a competitive advantage. They conform to what other airlines offer as a way of establishing their own legitimacy. And even if American Airlines and Southwest Airlines present themselves as entirely different kinds of airlines, isomorphism points to the ways that both face pressure toward conformity within their shared institutional field (Deephouse 1999).

Neoinstitutionalism predicts that organizational structures and behaviors arise not so much from the formal work required of organizations, but rather from a need to conform to the rituals and myths that are regarded as legitimate by actors within a given sector (DiMaggio and Powell 1991; Meyer and Rowan 1977). As Chang (2003) has suggested, religion scholars appreciate the neoinstitutional framework because it attends to cultural elements—such as theology and symbols—that might condition organizational behavior. Yet she concludes that the religious sector does not have the degree of centralization, standardization, or regulation that characterizes other fields that are highly institutionalized. As a result, “[n]o study using neoinstitutional theory has been able to show the effects of institutional isomorphism in the religious sector to the extent found in other organizational populations” (2003:130).

Because of the hybridized nature of religious philanthropy—it is, after all, where economics and religion meet—we are interested in exploring the extent to which private foundations (and their organizational “cousins” such as regranting organizations) have introduced isomorphic tendencies within the American religious sector. By focusing on organizational actors other than local houses of worship or denominational bodies, we suggest that other kinds of organizations must be considered when evaluating the extent of isomorphism within religion. Just as John D. Rockefeller’s philanthropy shaped the religious orientation (or lack thereof) of the University of Chicago when it was established, so also could the philanthropy of private foundations—particularly the largest ones—shape and condition the activities and behaviors of religious actors through what they fund and what they regard as legitimate activities.

### DATA AND METHODS

We examine all grants between 1999 and 2003 reported by private foundations to the Foundation Center, which maintains the most comprehensive database on U.S. grants and grantmakers. We chose that five-year window because it represented a time that included both significant economic expansion (1999–2000) and retraction (2001) in the U.S. economy. Also, the White House launched the Office of Faith-Based and Community Initiatives during this time period—a development that could have significantly shifted philanthropic grant making in the religious sector, but, as will be seen, in the end did not. This is also the time when Enron and WorldCom collapsed (2001–2002), which eventually resulted in the national debate about corporate accountability and Congress passing the Sarbanes–Oxley Act in 2002. The latter was significant, for shortly thereafter Senators Chuck Grassley and Max Baucus of the Senate Finance Committee began hearings to explore how nonprofits should similarly be held accountable. While we would prefer more recent data for analysis, we found great benefits in five years of aggregated annual data and wanted to control for any deviations in religious giving that may have been resulted from the 2005 Senate Finance Committee hearings on charitable reforms, the results of which were

included in the Pension Provision Act of 2006. Also, there is a two- to three-year lag between the submission of tax returns to the IRS and the public release of those tax returns through outlets like GuideStar.org.<sup>2</sup> As a result, we will likely not be able to consider the implications of the 2008–2009 economic downturn on religious philanthropy for a few more years. We did, however, compare the general trends of the 1999–2003 data with religious giving in 2004 and 2005 by foundations and found no major differences. Charitable giving by foundations tends to change slowly, and giving in the religious sector by foundations is even more conservative. Because scholars of religion have largely overlooked foundation giving to religious causes, this article is exploratory and relies largely on a cross-sectional analysis rather than historical data that can directly examine change. However, we hope our work will spur more studies in this important area of scholarly inquiry.

We should also mention one additional caveat: the Foundation Center data follow the categories provided by the National Taxonomy of Exempt Enterprises (NTEE) in classifying individual grants. NTEE classifications for grants and charitable organizations rely on “primary purpose” categories; thus, a church-related college would be classified under the education code and not religion. For our analyses, we included all grants under the “Religion, Spiritual Development” NTEE category, which includes grants relating to every major religious tradition as well as religious media, interfaith issues, and spiritual development. Unfortunately, we know that these grant categories are noticeably imprecise (Turner, Nygren, and Bowen 1993). For example, between 1999 and 2003, only 8 percent of all grants from the Maclellan Foundation—a highly religious philanthropy—were allocated to “religious” causes according to Foundation Center data. However, upon closer inspection, we see that, excepting awards made to grantees in its hometown, *all* of Maclellan grantees must be evangelical Christian organizations. Similar imprecision regarding the Foundation Center’s data was found with the Lilly Endowment data on religious grant making; indeed, upon closer inspection, we found this trend at work in many cases. Because of this, we supplemented Foundation Center data with information from Foundation Search America and tax documents of individual foundations. We also interviewed 36 leaders in religious philanthropy, including principal donors at individual foundations and foundation executives, as well as scholar-practitioners in the field.

We analyzed the Foundation Center data by total foundation assets, grants to religion (in terms of actual dollars and the number of grants awarded), changes in religious grant making from year to year, and recipient organizations. We focus our reported analyses on the top 25 foundations ranked by total grants to religious causes because those institutions are the dominant actors within the field of religious philanthropy. The semi-structured interviews were conducted in person by the first author between 2003 and 2006. They were then professionally transcribed and analyzed along several categories. For this article, interview data complemented the quantitative analyses by providing a fuller picture of the various ways foundation philanthropy for religious causes has changed over the last decade.

## RESULTS

According to Foundation Center data, nearly 3,500 foundation grants were allocated for religious purposes in 2003, with total awards exceeding \$1.5 billion. Despite these numbers, religious grants represented only 2.9 percent of all foundation grants and only 2.4 percent of total foundation giving in terms of actual dollar value (U.S. Census Bureau 2005:365). That same

<sup>2</sup> To clarify, in this article when we speak of nonprofits, that includes all organizations that are classified as 501(c)3 organizations by the Internal Revenue Code. Private foundations (and regranteeing organizations such as community foundations), public charities (including churches and religious nonprofits), supporting organizations, and nonprofit oversight organizations are included under the broad category of “nonprofits.”

Table 1: Top 25 foundations ranked by total grants for religion, 1999–2003

Foundation Name	Assets 2003	Total Religion Grants	
		Number	Dollar Value
Lilly Endowment Inc.	10,849,406,670	1,473	677,304,580
Arthur S. DeMoss Foundation	329,859,393	349	94,706,661
The Pew Charitable Trusts	4,100,000,000	57	70,420,000
Koch Foundation, Inc.	110,826,905	2,988	48,336,101
The Richard and Helen DeVos Fdn.	35,154,452	150	45,747,899
The Duke Endowment	2,052,396,108	1,035	44,461,044
Dan Murphy Foundation	199,498,742	108	43,411,549
Florik Charitable Trust	4,088,839	8	40,892,819
Karfunkel Family Foundation	13,649,158	52	40,848,499
Grace Foundation	26,208,446	120	39,732,393
Community Fdn. of Greater Memphis	184,276,432	730	39,494,779
Open Doors International, Inc.	8,506,215	45	38,324,917
The Maclellan Foundation, Inc.	170,132,456	96	35,369,261
Harry and Jeanette Weinberg Fdn.	1,790,172,593	203	35,062,733
Eagle's Wing Foundation, Inc.	8,182,098	18	33,604,263
The Ford Foundation	9,300,140,000	177	32,857,259
Garmar Foundation	2,690,659	67	31,044,857
Orville D. & Ruth A. Merillat Foundation	60,680,954	291	25,613,122
Foundation for the Carolinas	312,258,194	547	24,767,682
John Templeton Foundation	337,359,840	114	23,368,851
Communities Foundation of Texas, Inc.	392,612,287	397	23,229,414
Mary Stuart Rogers Foundation	28,782,645	102	20,103,820
Edgar and Elsa Prince Foundation	30,952,880	160	19,907,829
Rushing Wind, Ltd.	218,843	37	17,918,014
The Stewardship Foundation	115,204,238	545	15,914,172

*Source:* Foundation Center, adjusted for missing data with information from Foundation Search America and IRS Form 990s.

year, foundations contributed only 5.1 percent of the total \$84 billion given to religion from all sources, so they are relatively small players within the larger arena of religious philanthropy. Yet foundations—because of their independent sources of revenue and asset bases—have freedom and flexibility other forms of religious philanthropy do not have. The size and independence of private foundations allows them to deploy strategic resources for institution building, to absorb risk, and to innovate as social entrepreneurs. Moreover, the size of private foundations and the legitimacy they can confer on their grantees affords them a unique position within the religious institutional field.

Table 1 identifies the top 25 foundations ranked by total grants for religion between 1999 and 2003. The Lilly Endowment tops the list with over \$677 million directed toward religious organizations and programs during those five years. It is also one of the largest foundations in the country; as of 2003, assets of the Lilly Endowment exceeded \$10 billion. Since its founding in 1937, the Lilly Endowment has prioritized leadership development and support for religious institutions—usually mainline Protestant—within its religion division. Over the last decade, that priority has become even more significant, as we will discuss. Following Lilly, the Arthur S. DeMoss Foundation gave \$94 million to various religious causes over the same span of time. Behind DeMoss are the Pew Charitable Trusts (\$70 million), Koch Foundation (\$48 million), and the Richard and Helen DeVos Foundation (\$45 million). These top five foundations provided over half of the \$1.5 billion given by these 25 large foundations, demonstrating the skewed orientation

Table 2: Top five recipients of religion grants, 1999–2003

Recipient Name	Total Grants	Top Donor
United Jewish Appeal Federation	\$184,788,159	Jewish Communal Fund
American Jewish Joint Distribution Committee	\$66,512,678	Harry & Jeanette Weinberg Fdn.
National Christian Charitable Foundation	\$58,106,896	Maclellan Foundation
Campus Crusade for Christ	\$56,590,703	Corman Foundation
Associated Jewish Community Federation	\$50,379,136	Blaustein Thalheimer Foundation

Source: Foundation Search.

of foundation philanthropy for religion. Indeed, combined giving by just these 25 foundations in Table 1 accounts for approximately two-thirds of *all* foundation grants to religion according to Foundation Center statistics. The total number of grants awarded by these large foundations range from 8, given by the Florik Charitable Trust, to nearly 3,000 from the Koch Foundation. The mean number of grants for these 25 foundations was 375, or an average of 75 annually.

Examining the grants awarded by these foundations, we found great variation in the average grant size. Grants from the Stewardship Foundation averaged less than \$30,000 each, while Florik grants averaged more than \$5 million each. In between, foundations with similar overall levels of religion grant making also varied. Whereas Duke grants averaged about \$43,000, for example, DeVos grants averaged more than \$300,000. Remembering that these 25 foundations are the largest of the hundreds of organizations that give grants to religion, then, it is striking that so much variation exists among these foundations.

### The Shaping of Strategic Religious Philanthropy Through Isomorphism

One of the most important developments in religious philanthropy over the last decade involves the increasing prominence of “regranting” organizations. These clearinghouse entities collect money from various sources and then redistribute it to charitable organizations. Research from a variety of sources, including the *Chronicle of Philanthropy* and the National Philanthropic Trust, has documented the growth of these regranting entities (Hastings 2008; Lipman 2001). For private foundations established in the United States before 1950, donor-advised funds constitute 18 percent of total assets. For foundations established between 1990 and 1999, donor-advised funds constitute 32 percent of total assets (Luck and Feurt 2002). The federated structure of Jewish philanthropy relies heavily on these regranting organizations. Between 1999 and 2003, the United Jewish Appeal (UJA) Federation received in excess of \$184 million in grant dollars from various foundations, making it the top recipient of foundation philanthropy in the religious sector. In turn, the UJA Federation directed funds to thousands of Jewish-related causes such as international relief and development, social services for Jews abroad and in the United States, and exchange programs for Jewish young people. As Table 2 notes, the second and fifth largest recipient organizations were similar Jewish clearinghouse programs—the American Jewish Joint Distribution Committee and the Associated Jewish Community Federation. The third largest recipient, National Christian Foundation, serves a similar role within the Christian community.

The prominence of these clearinghouses underscores the growing complexity of religious philanthropy. Previous generations would generally contribute funds directly to the charity, or among the super wealthy, employ a charitable trust that could channel philanthropic monies to specific projects or institutions. Then the 1960s and 1970s witnessed a flowering of family foundations, which are among the most committed donors to religious causes.<sup>3</sup> In more recent

<sup>3</sup> Information obtained from the National Center for Family Philanthropy. ([www.ncfp.org](http://www.ncfp.org)).

decades, religiously motivated donors have invested large sums in donor-advised funds. Through both community foundations like the Community Foundation of Greater Memphis and Foundation for the Carolinas as well as faith-related entities like Jewish Communal Fund and National Christian Foundation, religious philanthropists have designated gifts to hundreds of religious charities. For donors with less than \$3 million to award, donor-advised fund organizations provide the legal, administrative, and financial services they need without the start-up costs required when establishing a private foundation. However, even philanthropists with their own foundations today employ donor-advised funds for some funding streams to charity.

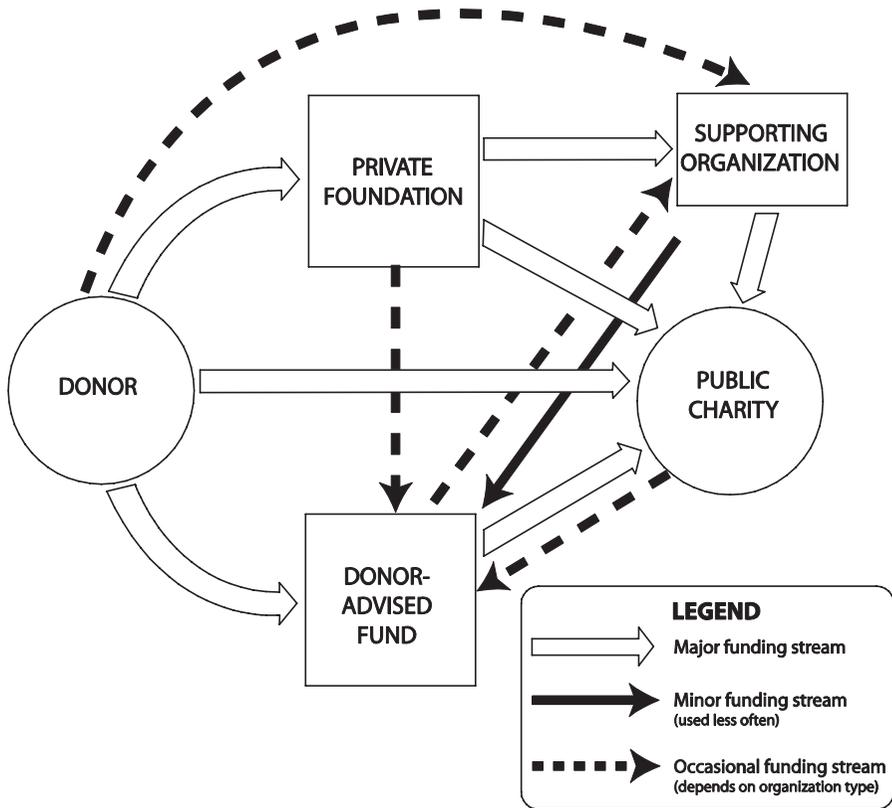
The Tax Reform Act of 1969 laid the groundwork for a restructuring of religious philanthropy at the level of organizational giving. Prior to 1969, all tax-exempt organizations (what we now know as “501(c)3 organizations”) were treated the same. This legislation, however, established distinctions among *public charities* (which have to receive their income from many sources), *private foundations* (where most of the funding comes from one to three sources), and *private supporting organizations*. These supporting organizations, although lesser known than the other two, have become significant channels of religious philanthropy. In some ways, a supporting organization is akin to a private foundation. It can make grants to, or perform the activities of, a charitable organization—just as a private foundation can. Hospitals and universities often have supporting organizations, which is why a donor might write a check to the “Methodist Hospital Foundation” as a way of donating money to Methodist Hospital. Unlike private foundations, however, donations to supporting organizations garner the same tax deduction as deductions to public charities, which is a strong incentive for giving. Most individual donors, at the level of rank-and-file givers, see no distinction between Methodist Hospital and Methodist Hospital Foundation, as long as they receive the tax deduction and their gift directly benefits the hospital. However, some public charities establish supporting organizations as a way of segregating contribution dollars from other monies. In so doing, they remove these contributions at least one step from the day-to-day operations of the charity, and may free up organizational leaders to deploy these contributions more quickly and directly. That often is a reason *public charities* launch supporting organizations.

The more interesting use of supporting organizations emerges when they are sponsored by *private foundations*. The tax code makes it easier to establish supporting organizations than private foundations, which is why some observers believe that the number of new supporting organizations will overtake the number of new private foundations in the years ahead.<sup>4</sup> Supporting organizations are not as flexible as donor-advised funds, in terms of allocation of funds (which are the most flexible of all philanthropic vehicles, apart from an individual donation). But they are more flexible than private foundations. The relationships among these various entities become complicated because the IRS allows supporting organizations to channel their own funds through donor-advised fund organizations. Figure 1 illustrates the various relationships among donors, charities, and funding possibilities currently allowed by law.

Why would a private foundation establish or allocate money to a supporting organization? Here again, we see the coercive isomorphic tendencies that can result from federal tax policy. Regranting organizations (which house donor-advised funds) allow major foundations to establish subsidiary charities without running the risk of governmental intervention that would change the nature of the subsidiary. As others have noted, private and corporate foundations have moved in recent years toward a model of strategic investment in nonprofits and away from a more traditional model of charity (Himmelstein 1997; Smith 1994). This, in turn, has led many foundations to provide significant capital to help launch new organizations in areas they deem particularly important. The problem is that federal government regulations on public charities prohibit the organization from receiving more than one-third of its support from a single source. When more

<sup>4</sup> Interview with expert on religious philanthropy conducted in 2006 by one of the authors.

Figure 1  
Funding stream possibilities between donor and public charity, 2006



than one-third of a charity's support comes from a single source, the organization is reclassified from being a public charity to a private foundation; this process is referred to as "tipping." Because sponsoring foundations want to avoid the "tipping" phenomenon for the charities they spin off, many have discovered a loophole in the regulations. The Internal Revenue Service regards all support to a charity from a community foundation or donor-advised funds as "public support." Donor recommendations through donor-advised funds are not considered direct gifts or grants, so the charity does not run the risk of losing its IRS status. Moreover, because community foundations do not often reveal the names of individual donors in their public disclosures, the source of a donation through a regranteeing organization is not easily ascertained. Private foundations that use this mechanism to channel significant funds to charities they help start (supporting organizations) especially appreciate the anonymity afforded of donor-advised funds through these regranteeing entities. It can suggest to the public a wider base of support for the charity, which can be useful in soliciting other donations.

This problem of "tipping" and the desire for anonymity are not the only reasons benefactors channel money through donor-advised funds. Given current tax regulations, some donors that have previously established private foundations have decided to terminate the foundation and redistribute the funds through a community foundation or donor-advised funds. Appreciated marketable securities are deductible up to 30 percent of adjusted gross income through donor-advised funds, but only 20 percent through private foundations. There is also a provision that permits up to a 30 percent deduction of adjusted gross income for *full fair market value* of closely held stock through donor-advised funds; through private foundations, the maximum deduction is 20 percent for the *cost* of closely held stock. Finally, private foundations wishing to use income

from the sale of stock are subject to capital gains tax on appreciated securities. However, current regulations allow them to transfer the securities to a donor-advised fund, which can then sell the stock without any tax penalty. This allows the donor to maximize his or her contribution without the appreciated securities being subject to capital gains tax.

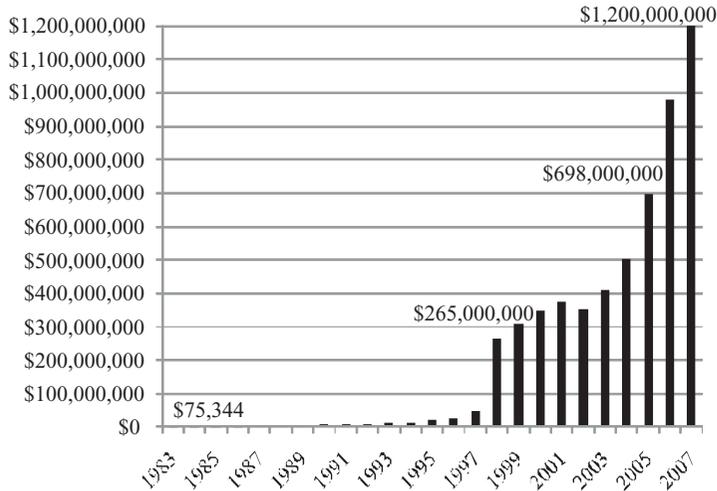
This final reason is precisely why the Maclellan Foundation made significant investments through the National Christian Foundation (NCF) between 1999 and 2003. Like other private foundations, Maclellan began as the philanthropy of a single family who were the proprietors of a successful business. The family donated company stock to the foundation, but gradually it was deemed most appropriate to diversify the foundation's investments. Because the stock had appreciated significantly—as is often the case when the company owner donates a portion of his or her stock to a family foundation—the foundation faced the prospect of paying significant capital gains tax on the sale of the appreciated stock. Instead, Maclellan transferred a portion of its stock holdings (valued over \$30 million) to NCF over a period of several years. NCF then sold the stock (without having to pay the capital gains tax) and distributed the cash through donor-advised funds for Maclellan. This transaction can occur between any private foundation and donor-advised fund, although there are limitations on the amount of stock that can be transferred, based on the size of the donor-advised fund. That is why Maclellan amended its initial plan of channeling the stock through the Chattanooga Christian Community Foundation and ended up funneling most of the stock transactions through NCF. The size of community foundations makes a difference, which is why some large donor-advised funds appear to be growing even bigger. And religiously oriented donor-advised funds are among the nation's largest, including the Jewish Communal Fund and NCF.

So how are these tax policies restructuring religious philanthropy? Joel and Mary<sup>5</sup> are one couple that was interviewed for this study. Their various philanthropic strategies over the years reflect the ways that wealthy individuals have responded to IRS guidelines and how they have used various organizational structures to channel their philanthropic dollars to religious institutions. Joel, now in his 80s, made millions of dollars in a business venture he and his father started right after he graduated from college. He wanted to give money to his church, so he wrote a large check to the Presbyterian congregation where he had been a member for many years. It was the largest single gift the church had ever received. But as his fortune continued to grow in subsequent years, Joel and Mary decided that they wanted to “spread the money around . . . not give it all in one place.” They were overwhelmed with the possibilities, all the while Joel's business continue to grow, and Mary felt increasingly uncomfortable with the direct requests being made by development officers from various charitable organizations. Some wealthy friends of theirs suggested that they establish a small, private foundation, one named after their family, which they did. They then hired an executive director who helped research various religious causes that would benefit from Joel and Mary's giving, some of which they had never heard of before. “The executive director gave us a professional's perspective, and it created a way that we could be assured that we wouldn't have to pay the death tax on those funds if something happened to me,” Joel said, noting that his assets would be subject to a steep estate tax rate at the time. “We wanted that money to go to Christian causes, not Uncle Sam.”

About 10 years ago, however, they learned about a philanthropic vehicle that was not subject to the 1–2 percent excise tax on their net investment income, which pleased them even more. They decided to transfer some money into a donor-advised fund at the National Christian Foundation. As noted earlier, this type of philanthropic vehicle has burgeoned in recent decades as many religious philanthropists have elected not to establish their own private foundations (or have decided to close ones that were previously founded), and instead have invested their funds with

<sup>5</sup> These are pseudonyms since the respondents did not want this part of their story to be on the record. Interview conducted by the first author in 2004.

Figure 2  
Total assets under management at the National Christian Foundation, 1983–2007



Source: Organizational archives, national Christian foundation.

NCF. Founded in 1982, NCF seeks to encourage Christian donors and organizations to “give wisely and more generously.”<sup>6</sup> Also, because the IRS regards donor-advised funds such as NCF as public charities (in that they receive income from many different sources) instead of as private foundations, Joel and Mary can deduct 50 percent of their income for cash gifts channeled through NCF, as opposed to the 30 percent maximum deduction rate allowed in giving channeled through their private foundation.

As Figure 2 shows, total assets under management at the end of NCF’s first year were \$75,344. By the late 1990s, the foundation undertook a concerted effort to increase the number of donors channeling their philanthropy through NCF. Contributions jumped from \$34 million in 1997 to \$263 million as a result of three large donations totaling \$155 million. After shrinking to \$81 million in 1999, contributions climbed steadily to \$150 million in 2003, resulting in an accumulation of total assets of \$411 million. The collective wealth of NCF donors has continued to grow in the years since, and as of 2007, NCF had \$1.2 billion under management. In 2005, NCF distributed \$195 million in philanthropic dollars. In 2006, the figure was \$231 million, \$329 million in 2007, and in 2008, it was \$410 million.<sup>7</sup> By the middle of 2009, NCF had granted out its two billionth dollar over the life of the organization.

NCF has given small grants to more than 2,800 recipient organizations, including churches, youth ministries, missions, parochial schools, church-related colleges, campus ministries, orphanages, seminaries, and Christian leadership programs. Although the largest donations come from major foundations, much of the revenue is from religious organizations themselves, which invest in NCF until they need the money. With an annual distribution of approximately \$114 million for charitable purposes, NCF spends approximately \$10 million on administration and publicity.

With the rising prominence of these various philanthropic channels, how is the religious sector being shaped? For one, the options for religious giving have become increasingly complicated as intermediary organizations, including foundations, supporting organizations, and donor-advised

<sup>6</sup> Interview with David Wills, February 11, 2005, Washington, DC.

<sup>7</sup> Organizational documents and background information provided by David Wills, President, National Christian Foundation, through correspondence with one of the authors in 2006 and 2009.

funds, have provided creative avenues for fund disbursement. No longer is a donor limited to giving directly to the religious charity. He or she can give through a family foundation (which does not have to pay out more than 5 percent of its net investment assets, so it can become a form of long-term investment). The donor may also give through a donor-advised fund, where the tax benefits are even more generous. And he or she can either set up a supporting organization alongside his or her private foundation to accomplish his or her philanthropic goals, or he or she may give money to a supporting organization, which in turn could channel funds to a religious charity. The number of each of these has grown dramatically as donors have talked with one another and copied their strategies for distributing philanthropic dollars.

In addition, private foundations—because of their independent financial base and the programs they fund—wield disproportionate influence within American religion. Through their grant making, foundations use their convening power (Lindsay 2007) and establish priorities that ripple across organizations within the same institutional field. Consider the influence of the Lilly Endowment, which awarded 1,473 grants to religious causes between 1999 and 2003. Lilly has infused hundreds of thousands of dollars into the religious sector with a strong preference to developing the leadership capabilities of pastors and church staff members. Over the last decade, the Endowment has allocated nearly \$500 million to various programs across the country with the goal of recruiting, training, and sustaining high-caliber ministry professionals. Beginning with high school students interested in exploring a religious vocation, Lilly has launched a series of initiatives to support future and current pastors through college, seminary, and into early and mid-career. These include grants to 88 church-related colleges and universities, 54 theological schools, along with hundreds of local congregations. Lilly has also established auxiliary entities such as the Louisville Institute and the Indianapolis Center for Congregations, both of which support Lilly priorities. As Table 3 illustrates, the Lilly Endowment's enthusiasm for leadership development has spread throughout the world of Christian theological education. Examining programs and centers at 26 of the largest mainline Protestant institutions (in terms of full-time student enrollment) that are members of the Association of Theological Schools, we identified 49 centers, programs, institutes, or degree programs that deal with the topic of leadership or leadership development (including notions of vocation). Excluded planning grants, we identified 24 different kinds of grants awarded to 21 of these 26 institutions, with the largest amount of funding being awarded to Duke University Divinity School (in excess of \$40 million over the last 10 years), and five institutions receiving no support from Lilly for leadership-related initiatives. Yet at even these institutions, Lilly's strategic philanthropy for leadership development has spurred the creation of new degree programs and academic centers dealing with issues of leadership. In essence, Lilly's commitment to this topic has generated a flowering of interest and ancillary support within the field of theological education. And after examining grants awarded between 1999 and 2009, we can see that although the Lilly Endowment has been interested in this topic for a long time, there has been a remarkable upsurge since the late 1990s when Lilly focused its efforts on "major, interlocking efforts" at improving the quality of congregational leadership.<sup>8</sup>

Through grant proposals made to the Lilly Endowment and reports written by grantees, mainline Protestant institutions such as Duke Divinity School have deepened their commitment to leadership development, both in their training of future ministers and in the scholarly research of their faculty. Ministers from a variety of traditions, including Presbyterian, Baptist, Methodist, Lutheran, and Episcopal, have secured a pastor-sabbatical grant through Lilly's National Clergy Renewal program. The idea that a pastor might take several months off on a personal sabbatical was once a luxury afforded only to a very select number of congregations (typically, ones with large congregational endowments) but, thanks to Lilly's largesse, it has been repeated in nearly 1,500 congregations across the country. Through its grant making, Lilly has elevated leadership

<sup>8</sup> See [www.lillyendowment.org/religion.html](http://www.lillyendowment.org/religion.html) for more information.

Table 3: Leadership initiatives at largest U.S.-based theological institutions, 1998–2009<sup>a</sup>

Institution	Denominational Tradition	Full-Time Student Enrollment	Academic Programs, Centers, or Institutes on Leadership <sup>b</sup>	External Funding from the Lilly Endowment Dealing with Leadership Projects (Year and Approximate Amount)
Asbury Theological Seminary	Inter/multidenominational	1,602	MA in Christian Leadership	Sustaining Pastoral Excellence (2003, \$2 million; 2009, \$1 million)
Ashland Theological Seminary	Brethren Church	803	Doctor of Ministry, Christian Leadership concentration Sandberg Leadership Center (2001)	Pastor in Community Project (2005, \$120,640) Sustaining Pastoral Excellence (2002, \$1 million; 2005, \$1 million)
Bethel Seminary of Bethel University	Baptist General Conference	1,103	Lewis Center for Church Leadership (2003) Making Connections Initiative (2004) Master of Arts in Transformational Leadership Doctor of Ministry concentration in Church Leadership	Bethel Seminary Leadership Vision (1998, \$1.5 million)
Candler School of Theology of Emory University	United Methodist Church	482		Youth Theology Initiative (1998, \$425,000; 1999, \$1.35 million; 2002, \$2 million; 2003, \$670,000; 2006, \$600,000; 2009, \$1 million) Contextual Education Project (1998, \$1.5 million)
Claremont School of Theology	United Methodist Church	364	Urban Leadership Institute	Congregational Leadership Program (1998, \$1.5 million; 2001, \$1 million) Christian Youth Leadership Project (2003, \$150,000; 2006, \$600,000)

*(Continued)*

Table 3 (continued)

Institution	Denominational Tradition	Full-Time Student Enrollment	Academic Programs, Centers, or Institutes on Leadership <sup>b</sup>	External Funding from the Lilly Endowment Dealing with Leadership Projects (Year and Approximate Amount)
Columbia International University	Inter/multidenominational		Master of Divinity in Ministry Leadership	
Columbia Theological Seminary	Presbyterian Church, USA	413	Lay Leader Training Certificate Program (LLTP) MA in Leadership	Sustaining Pastoral Excellence (2003, \$1.3 million; 2009, \$650,000)
Denver Seminary	Inter/multidenominational	880	M.Div. with a concentration in Leadership	
Drew University Theological School	United Methodist Church	545		Planning grant for high school youth leadership development (2001, \$30,000)
Duke University Divinity School	United Methodist Church	527	Leadership Education at Duke (for pastoral and organizational leaders) (2008) Pulpit & Pew (1999) Advancing Pastoral Excellence (2005)	Christian Institutional Leaders Project (2007, \$14 million) PathWays Program (2006, \$500,000) Christian Leadership Project (2004, \$6.7 million) Sustaining Pastoral Excellence (2003, \$4.1 million) Theological education for excellence in congregational ministry (2000, \$10 million) Pulpit & Pew (1998, \$197,000; 1999, \$3.4 million; 2002, \$589,000)

(Continued)

Table 3 (continued)

Institution	Denominational Tradition	Full-Time Student Enrollment	Academic Programs, Centers, or Institutes on Leadership <sup>b</sup>	External Funding from the Lilly Endowment Dealing with Leadership Projects (Year and Approximate Amount)
Fuller Theological Seminary	Inter/multidenominational	4,122	De Pree Leadership Center (1996)	Youth Academy for Christian Formation (1998, \$30,000; 1999, \$1.2 million; 2001, \$600,000; 2003, \$150,000; 2006, \$600,000; 2009, \$975,000)
George W. Truett Theological Seminary of Baylor University	Baptist General Convention of Texas	519	Master of Arts in Christian Leadership MA in Global Leadership	Improve Recruitment and Preparation of Pastoral Leaders (1998, \$1.5 million) Ecology of Vocation Project (2006, \$750,000) Student Leadership Project (2001, \$1 million; 2003, \$150,000; 2006, \$600,000)
Gordon-Conwell Theological Seminary	Inter/multidenominational	2,008	Arrow Doctor of Ministry in Leadership (1992) Master of Arts in Christian Leadership	Ministerial Student Recruitment Program (1998, \$1.3 million) Compass Program (2001, \$1.2 million; 2003, \$150,000; 2006, \$600,000; 2009, \$535,000)
Harvard University Divinity School	Inter/multidenominational	440	Summer Leadership Institute (1998)	Summer Leadership Institute (2000, \$148,000)
Interdenominational Theological Center	Inter/multidenominational	572	Institute of Church Administration and Management	Black Women in Ministerial Leadership (2004, \$1.4 million)

(Continued)

Table 3 (continued)

Institution	Denominational Tradition	Full-Time Student Enrollment	Academic Programs, Centers, or Institutes on Leadership <sup>b</sup>	External Funding from the Lilly Endowment Dealing with Leadership Projects (Year and Approximate Amount)
Luther Seminary	Evangelical Lutheran Church in America	822	Contextual Leadership Initiative (2003) Ph.D. and D. Min. concentration in Congregational Mission and Leadership	<p>Faith Journey Project (2004, \$2 million)</p> <p>Youth Hope-Builders Academy (2001, \$30,000; 2002, \$2 million; 2003, \$150,000; 2006, \$600,000; 2009, \$775,000)</p> <p>Institute of Church Administration and Management (1999, \$2.25 million; 2001, \$2.5 million; 2002, \$475,000 and \$2.5 million)</p> <p>Teaching Congregations Project (1998, \$1.5 million)</p> <p>Urban Leadership Academy (1998, \$30,000; 1999, \$855,000; 2001, \$428,000; 2003, \$150,000; 2006, \$600,000; 2009, \$475,000)</p> <p>Culture of Call Project (2004, \$50,000; 2005, \$1 million)</p> <p>Christian's Calling in the World (2007, \$56,000; 2008, \$1.5 million)</p> <p>Learning Ministry Project (2008, \$1.1 million)</p> <p>Vibrant Congregations (2009, \$1.6 million)</p>

(Continued)

Table 3 (continued)

Institution	Denominational Tradition	Full-Time Student Enrollment	Academic Programs, Centers, or Institutes on Leadership <sup>b</sup>	External Funding from the Lilly Endowment Dealing with Leadership Projects (Year and Approximate Amount)
Lutheran Theological Seminary at Philadelphia	Evangelical Lutheran Church in America	392	MA with Public Leadership concentration (2009)	Theological Education with Youth (1998, \$30,000; 1999, \$502,000; 2001, \$250,000; 2003, \$150,000; 2006, \$193,000)
Palmer Theological Seminary	American Baptist Churches in the USA	395	The Faith and Leadership Academy	
Perkins School of Theology	United Methodist Church	392		Perkins Youth School of Theology (2001, \$30,000; 2002, \$1.5 million; 2003, \$150,000; 2006, \$383,000) Teaching Congregations (1998, \$1.5 million)
Princeton Theological Seminary	Presbyterian Church, USA	640	Hispanic Leadership Program	Building Bridges Project (1999, \$380,000; 2003, \$425,000) Project in Pastoral Theological Excellence (2002, \$890,000) Hispanic Leadership Program (2003, \$888,000) Building Connections (2008, \$667,000)

(Continued)

Table 3 (continued)

Institution	Denominational Tradition	Full-Time Student Enrollment	Academic Programs, Centers, or Institutes on Leadership <sup>b</sup>	External Funding from the Lilly Endowment Dealing with Leadership Projects (Year and Approximate Amount)
San Francisco Theological Seminary	Presbyterian Church, USA	428		
Talbot School of Theology	Inter/multidenominational	1,145		Improving Preparation of Pastoral Leaders (1998, \$1.5 million)
University of Chicago Divinity School	Not reported	376		Collaborative Theological Reflection for Ministry (2007, \$500,000)
Wesley Theological Seminary	United Methodist Church	851	Lewis Center for Church Leadership (2003)	Culture of Call Project (1998, \$1.5 million)
Western Seminary	Conservative Baptist Association of America	748		Sustaining Pastoral Excellence (2003, \$1.7 million; 2008, \$850,000)
Yale University Divinity School	Inter/multidenominational	373	Yale Center for Faith & Culture	Making Connections (2004, \$2 million)
				Youth Leadership Institute (2001, \$1.2 million; 2003, \$150,000)
				Faith as a Way of Life (2002, \$1.5 million)
				Learning Ministry (2006, \$1.5 million)

*Source:* Annual data tables of the Association of Theological Schools (2008–2009); annual reports of the Lilly Endowment; and websites, IRS Form 990s, and email correspondence with institutional administrators at ATS member organizations.

<sup>a</sup>Analysis excludes Roman Catholic and explicitly evangelical institutions (such as Southern Baptist seminaries), but it includes evangelical-leaning, interdenominational institutions such as Fuller Theological Seminary. Denominational classifications are provided by ATS.

<sup>b</sup>Includes year of program establishment, if known. Data gathered from institutional websites and email correspondence with institutional leaders.

development for clergy, which, in various ways, has reshaped aspects of seminary education and local congregational life. This agenda-setting power is precisely what we expect when a leading actor in an organizational field takes a certain position. Has this resulted in mimetic isomorphism, as DiMaggio and Powell (1983) might expect? These data certainly point in that direction, but for a complete answer, we need further research, which we hope others will explore. What we know, however, is that private foundations' giving to religious causes can certainly induce isomorphic tendencies among their recipients. And both foundations and recipient organizations have been subject to the coercive effects of federal tax regulation, which, in turn, has created more alternative pathways for religious giving and demanded an increasing degree of professionalization within the world of religious philanthropy.

## DISCUSSION

### Challenges Posed by the Contemporary Social Context

Attending to isomorphism within the world of religious philanthropy demonstrates how organizations within the same field become similar, but that trend is not unique to organizations within the religious sector. All institutional fields are subject to isomorphic tendencies. Nevertheless, foundations that support religion also deal with a unique set of challenges and opportunities. Religion in the United States is vastly diverse; nevertheless, studies suggest several developments that may have significant implications for foundations that support religious activities. In this section we discuss three of these developments: secularization, increases in religious pluralism, and globalization.

#### *Secularization*

There is no evidence that secularization is occurring across the religious philanthropic sector, but several prominent examples suggest that it might be. In turn, these examples raise the question of how religious grant making might be affected in the years ahead. The religious devotion of John D. Rockefeller, for instance, contrasts sharply with the current disposition of his legacy. Between 1999 and 2003, the Rockefeller Foundation gave \$464 million in grants, but only \$4 million (less than 1 percent) for religion. William H. Danforth, Rockefeller's contemporary, is another example. Danforth is remembered not only for having founded the Ralston Purina company but also for insisting that the "religious" (along with the "physical, mental, and social") was one of the four lives that every person of character should lead. During the 1960s and early 1970s, the Danforth Foundation supported numerous religious activities through its Danforth Fellows program and funding for campus ministries. Yet in recent years the foundation has devoted only 1 percent of its grant making to religion. Moreover, some of the largest foundations recently established expend almost nothing on religion. Of \$4.5 billion in funding provided between 1999 and 2003 by the Bill and Melinda Gates Foundation, for instance, only \$6.4 million went to religion and nearly all of this amount supported educational or social service programs in Oregon and Washington that merely happened to be administered by Catholic organizations. During the same period, only \$3.4 million, or less than 1 percent, of the Hewlett Foundation's \$767.1 million went to religion. A similar proportion of the Packard Foundation's \$1.2 billion in grants was devoted to religion.

Why is religion less of a priority among some of the nation's largest foundations? Perhaps religion's vitality within American culture suggests that this sector does not need funding; it is already well-enough supported (Tobin 2000). Another reason for thinking that foundation funding may be shifting away from religion is that influential segments of the wider society *may* regard organized religion with diminishing interest. We emphasize *may* because trends of this kind

have not been adequately documented, nor does foundation behavior necessarily reflect larger trends. For the U.S. population as a whole, there is little evidence of declining participation in organized religion (Gallup and Lindsay 1999; Hout and Greeley 1987; Stark 2008). However, the proportion of Americans who identify themselves as nonreligious has doubled in recent years and is declining precipitously among younger Americans (Hout and Fischer 2002; Uecker, Regnerus, and Vaaler 2007). Such factors may be influencing foundations' funding priorities.

Secularization in grant making may also occur as a result of financial strains and shifting priorities among foundations that continue to consider religion important. In recent years, one of the more visible examples of change in foundation funding for religion involved the Pew Charitable Trusts. The foundation's interest in religion stemmed from the staunch religious convictions of Joseph Newton Pew, a Presbyterian who earned his fortune in the Western Pennsylvania oil and gas business during the 1880s, and more recently from his son, J. Howard Pew, also a theologically conservative Presbyterian. Both men gave generously to evangelical causes and institutions (Daly 2000; Willoughby 1997). During the 1980s and 1990s, the Trusts supported numerous conservative Protestant initiatives and rose to national prominence as one of the top three or four funders for religion. Its religion division budget peaked at \$26.4 million in 2000, \$19.5 million of which counted as religious activities according to NTEE definitions. Five years later, the foundation's expenditures on religion had shrunk by approximately 90 percent.

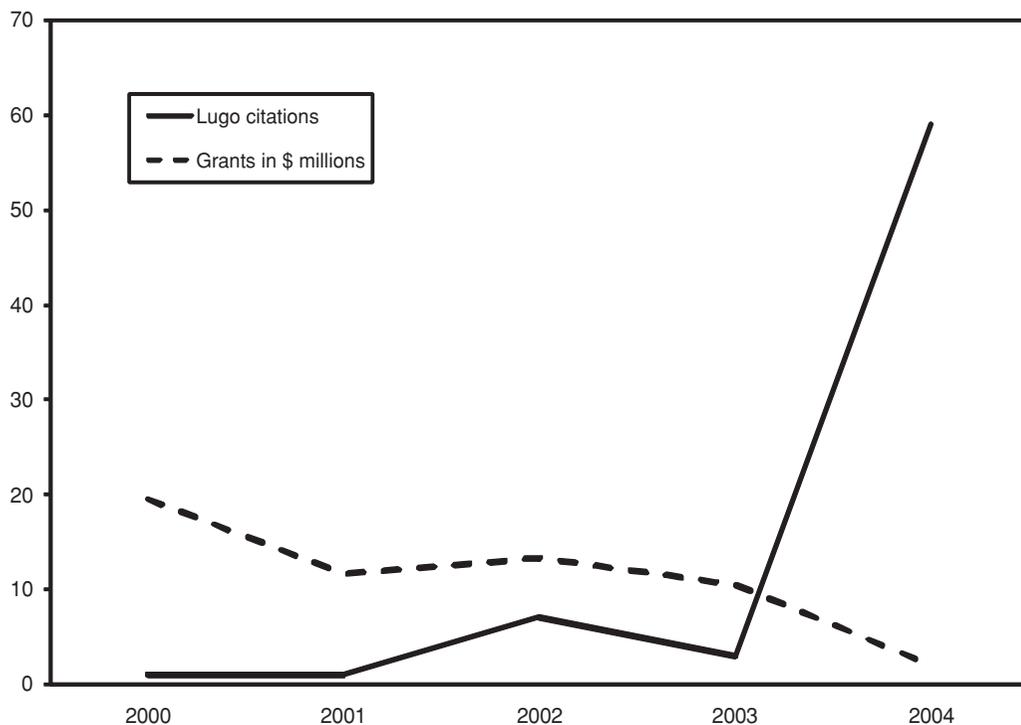
Pew's dramatic reduction in funding for religion was part of a larger and much publicized restructuring involving the Trusts' legal transition from foundation to public charity. Foundation officials attributed this move to a need to economize in view of the foundation having lost 20 percent of its assets from bad fortune in the stock market. As a public charity, it was also possible to *receive* money from other foundations and the shift promised to reduce management costs and grantees' overhead charges (Horn 2003; Strom 2004). Meanwhile, the foundation's programs had also come to focus increasingly on public policy and the media (Starobin 1997). The religion division was discontinued and replaced by the Pew Forum on Religion and Public Life under the leadership of former religion division director Luis Lugo. The Pew Forum was one of seven Pew activities subsumed under the administrative umbrella of the Pew Research Center, a self-described "nonpartisan fact tank" in the nation's capital. Total funding for the Pew Research Center was reported to be approximately \$15 million or an average of about \$2.1 million for each of its seven subunits. One indication of the Pew Forum's success was that quotes in major media outlets by its director shot up dramatically even as overall spending on religion plummeted (Figure 3).

The fact that some foundations have ceased being major grant makers for religion should not, however, be taken as evidence that all foundations are shifting to other priorities. In aggregate terms, the \$1.5 billion given to religion between 1999 and 2003 by the 25 largest grant makers was arguably a historic record. Large foundations, such as Lilly, continue to give generously to religion, as do smaller organizations, such as the Stewardship Foundation and the Henry Luce Foundation. From time to time, new foundations also emerge with interests in religion. Currently, the number of CEOs and celebrities claiming to be people of faith suggests that beneficence to religion is likely to continue, although it may well be channeled through organizations other than foundations (Lindsay 2007). The principal challenge for recipients, of course, is finding the so-called new money as established foundations pursue other priorities. For established foundations, the composition and training of boards and tighter means of honoring donor intent also become critical.

### ***Increasing Religious Pluralism***

Religious pluralism can be viewed both as an opportunity and as a challenge for foundations. Since the revision of U.S. immigration laws in 1965, approximately 22 million immigrants have come to the United States, with an additional 7–10 million if undocumented workers are

Figure 3  
Pew religion activity



included. The largest categories of immigrants have been Christians from Spanish-speaking and Asian countries, but Muslims, Hindus, and Buddhists have also come in large numbers (Wuthnow 2005). If the experience of minority religious groups in the past is repeated, these groups will form foundations of their own. Islamic, Hindu, and Buddhist foundations will take their place alongside Jewish and Catholic foundations, for instance. Some Asian-American foundations with interests in religion have also been initiated (Chao 1999, 2000). The grant making activities of these foundations will most likely be directed toward the benefit of religiously and ethnically defined constituencies. For example, at present, anecdotal evidence suggests that Hindu philanthropy in the United States is directed largely toward building temples. With time, Hindu foundations with interests in such activities as establishing university professorships, serving low-income neighborhoods, or combating discrimination are also likely to emerge. Indeed, as Yang and Ebaugh have argued (2001), immigrant religions adopt the prevailing conventions of their new countries; in the United States this isomorphic tendency leads to congregation-based religious expression. We expect similar trends in religious philanthropy, with Hindu, Muslim, and Buddhist foundations following the grant making conventions of Christian and Jewish foundations. In these ways, religious pluralism is likely to be an inspiration for foundation initiatives, especially among those immigrant groups with substantial numbers of wealthy individuals who may become potential donors (Wuthnow 2006).

The challenge for foundations is the obverse of this opportunity. For immigrant groups with fewer potential benefactors, foundation support may be increasingly difficult to obtain. A page may be taken from the history of philanthropy for African-American churches. Among the largest grant makers for religion, the Ford Foundation and Lilly Endowment are almost unique in providing significant funding for black churches (Carson 1993; Smith et al. 1999). This funding reflects a commitment to diversity on the part of Ford and a commitment to supporting

Christian congregations on the part of Lilly. Whether the same kinds of support will be available for Latino churches or for Muslim immigrants from Somalia is an open question. A related challenge is whether increasing pluralism will dampen, rather than promote, foundation giving to religion. Among potential donors from Muslim and Hindu backgrounds, for instance, there is some evidence that assimilation into mainstream U.S. culture means privatizing their religious convictions or abandoning them altogether (Wuthnow 2006). If research among individual donors is any indication, assimilation into a wealth-based elite also displaces religious identities with other markers of status, including philanthropy to museums, orchestras, and blue-ribbon charities (DiMaggio 1982; Ostrower 1995).

### *Globalization*

The demographic center of global Christianity is increasingly in Africa and Latin America, rather than in the United States and Europe (Jenkins 2003). The challenge for U.S. foundations is whether they will seek to fund Christian ministries in these areas or whether their grant making will continue to focus on U.S. needs and interests. Jewish foundations in the United States, of course, have long recognized the need to support programs in Israel and for Jewish groups in other countries (Tobin 2000). However, private foundations have also assisted the poor and needy in other countries by awarding grants directly to foreign organizations. In 2001, 348 religious grants were awarded to organizations abroad. The most (71) went to groups in India; a smaller number went to entities in Uganda (20), England (18), Haiti (17), Kenya (16), Nigeria (14), Israel (13), Indonesia (12), Mexico (11), and Russia (4), among others.

Polls suggest considerable support among rank-and-file Americans for helping the needy in other countries (Guth et al. 2005). Yet the public is divided about how much of overall giving should be spent at home and abroad. As a result, U.S.-based foundations have been pursuing opportunities to partner with non-U.S. foundations. Catholic organizations in the United States, for instance, have worked from time to time with the Dutch-based Brencanda Foundation, as have U.S. Jewish organizations with the Canadian Bronfman Foundation. Increasingly, Islamic foundations in the United States and abroad have worked together and, after 9/11, came under U.S. government scrutiny for doing so. The fact that religious networks transcend national boundaries means that religious donor organizations and recipient organizations are likely to play a continuing role in international philanthropy.

### CONCLUSION

America's nonprofit sector grew significantly more than the nation's gross domestic product from 1994 to 2004 (Pollack and Blackwood 2007), and religious organizations have played significant roles in that growth. Thirty-six percent of all charitable contributions in 2006 were directed toward religious organizations, which is more than the next three categories—education, human services, and health care—combined (Giving USA Foundation 2006). Data such as these underscore the importance of understanding the philanthropic sector, and more specifically, of examining the role of religion within the philanthropic sector. In this article, we have sought to address one significant gap in the existing literature on religious giving—namely, the role of private foundations and related organizational forms.

Based on our analyses of private foundations' giving to religious causes, we have reached five conclusions. First, although religious organizations are the beneficiaries of and religious sentiment motivates a significant proportion of individual-level giving in this country, grants to religious causes account for only a slim segment of all awards made by private foundations. Second, within the small universe of foundations making significant grants to religious causes, approximately 25 account for two-thirds of all foundation awards to religion. Indeed, in terms of the total dollar value

of grants made to religion, the number of foundations that are the dominant players within this arena can be counted on one hand. Despite both of these points, private foundations have resources and independent bases of authority that can encourage isomorphic tendencies within the world of religion. Fourth, external factors such as rising wealth among religious donors, federal tax policies, and recent scandals have contributed to the emergence of more organizational forms within the world of religious philanthropy. This, in turn, has generated increasingly complex relations among various organizational actors as regranteeing organizations, supporting organizations, and oversight organizations have become part of the funding stream possibilities between donor and public charity. Fifth, social conditions such as secularism, religious pluralism, and globalization pose challenges for foundations that give to religious causes. Additional research is needed to examine the full implications of these developments, and in particular, the discussion about church-state issues as they relate to economic policy needs to move beyond the federal level; we need further study to understand the role of state and local policies that influence foundations' giving to religion. In general, we hope that our work will spur further investigations on collective forms of religious giving beyond that of individual adherents. What can no longer be ignored, however, is the important role private foundations play in financing and, in turn, shaping the world of American religion.

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