



# Philanthropy and Nonprofit Organizations

## LAH 350

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**Spring 2019**

*Professor:* Pamela Paxton  
*Class Meetings:* Mondays and Wednesdays 10:00-11:30  
*Classroom:* CBA 4.338  
*Office Hours:* Mondays 1:00-2:00 or by appointment  
*Office:* RLP 3.738  
*Office Phone:* (512) 232-6323  
*Email:* ppaxton@prc.utexas.edu

*To give away money is an easy matter in any man's power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man's power nor an easy matter. Hence it is that such excellence is rare, praiseworthy and noble.*

--Aristotle, *Ethics*, 360 BC

### *Course Description:*

Charitable giving in the United States topped 410 billion dollars in 2017 and over 70% of those dollars came from individual giving. Is this money well spent? Unfortunately, only some charities are effective. This course will introduce students to nonprofits, philanthropy, and how to give money away. It will cover theories of giving, the nonprofit sector, and criticisms of both. A significant portion of the course will focus on providing students with the tools and skills to evaluate charitable programs for effectiveness using social scientific techniques. We will also address the relationship between philanthropic and state-sponsored programs and discuss issues of social responsibility that arise when billionaires, foundations, and corporate actors engage in philanthropic work.

The experiential learning portion of the class will introduce students first-hand to the dilemmas donors face as they evaluate nonprofits. Based on their own evaluations, students will have the opportunity to distribute significant funds (provided through The Philanthropy Lab and individual donors), to charitable organizations. Students will be placed into groups that will do extensive research on a category of nonprofits, ultimately deciding which charities will receive funds through discussion and debate.

### *Course Materials:*

Peter Singer. 2009. *The Life You Can Save*. New York: Random House. Available at University Co-op.

Eric Friedman. 2013. *Reinventing Philanthropy*. Potomac Books. Available at University Co-op.

Other course readings available through Canvas.

*Course Requirements and Grading:*

**Class Participation** (10%) As in all college courses, students should come to class having read and thought about the assigned readings. Regular and thoughtful contributions to classroom discussions are essential to the success of the seminar. Also, attendance matters. Make sure you sign in on the attendance sheet every day. Your attendance will be considered in your overall participation grade. Only students who have attended regularly will vote on the final distribution of the funds. Finally, you will also be evaluated on your participation in group work.

**Paper 1** (10%) 250 words, one page. Due: first draft on February 1, revision on February 15. Details provided in handout.

**Paper 2** (15%) 500 words, two pages. March 8. Details provided in handout.

**Paper 3** (20%) 1250 words, five pages. April 26. Details provided in handout.

**Oral Presentations** (20%) individual and within debates.

**Self and group evaluations** (5%) 500 words, two pages. Due May 8. Details provided in handout.

**Final exam** (20%) May 18, 2:00-5:00

Grades will include + and – distinctions.

Your grade will be docked one grade per day late, for any assignment.

*Outline of Course:*

**January 23:** Introduction to the course / For Whom Are We Responsible?

*Readings:*

No readings for today

Optional: Listen to Bill Gates' 2007 Graduation Speech at Harvard

Part 1: [http://www.youtube.com/watch?v=AP5VIhbJwFs&feature=mfu\\_in\\_order&list=UL](http://www.youtube.com/watch?v=AP5VIhbJwFs&feature=mfu_in_order&list=UL)

Part 2: [http://www.youtube.com/watch?v=X\\_YQmRD\\_q9Y&feature=related](http://www.youtube.com/watch?v=X_YQmRD_q9Y&feature=related)

Part 3: [http://www.youtube.com/watch?v=vwdMXquKTzM&feature=mfu\\_in\\_order&list=UL](http://www.youtube.com/watch?v=vwdMXquKTzM&feature=mfu_in_order&list=UL)

Part 4: <http://www.youtube.com/watch?v=YzIMxltEAwk&feature=related>

Part 5: <http://www.youtube.com/watch?v=1ZKW5Gs6z7o&feature=related>

**January 28:** What are the Obligations of Wealth?

*Readings:*

Peter Singer. 2009. *The Life You Can Save*. New York: Random House. Chapters 1-3 and 10.

Leif Wenar. 2012. "Poverty is No Pond: Challenges for the Affluent." Chapter 6 in *Giving Well: The Ethics of Philanthropy*, edited by Patricia Illingworth, Thomas Pogge, and Leif Wenar.

Optional:

read the text of the giving pledge and current signatories. [givingpledge.org](http://givingpledge.org)

Paul Woodruff. 2013. "Philosophy of Giving: Alternatives to Singer."

### **January 30:** Introduction to the Nonprofit Sector

*Readings:*

Paxton, Pamela. 2019. "Charitable Giving" in *The Nonprofit Sector: A Handbook*, third edition.

Edited by Walter Powell and Patricia Bromley.

The Philanthropy Lab: 2018-2019 Grant Letter

Letter to Students from the Philanthropy Lab

*Groups:*

Group assignments and first meeting

### **February 1:** Paper 1 first draft due

### **February 4:** More on the Nonprofit Sector / Giving in the U.S.

*Readings:*

Rob Reich. 2012. "Toward a Political Theory of Philanthropy." Chapter 9 in *Giving Well: The Ethics of Philanthropy*, edited by Patricia Illingworth, Thomas Pogge, and Leif Wenar.

Ben Gose. 2012. "Wealthiest don't Rate High on Giving Measure." *The Chronicle of Philanthropy*. <http://philanthropy.com/article/America-s-Geographic-Giving/133591/>

Gara Lamarche. 2014. "Is Philanthropy Bad for Democracy?" *The Atlantic*.

### **February 6:** Giving in the U.S. (cont.)

*Readings:*

No readings for today

*Groups:*

More on preferences, competing values framework

### **February 11:** Choosing Where to Donate

*Readings:*

Charles Bronfman and Jeffrey Solomon. 2010. "The Soul of the New Philanthropist."  
chapter 5 in *The Art of Giving: Where the Soul Meets a Business Plan*. San Francisco:  
Jossey-Bass.

Eric Friedman. *Reinventing Philanthropy*. Chapters 1-3, 10.

*Groups:*

Mission / vision

**February 13:** Choosing Where to Donate II

*Readings:*

La Piana Consulting. 2010. *Due Diligence Done Well: A Guide for Grantmakers*.

*Groups:*

Group meeting: bring three charities, begin discussion

**February 15:** Paper 1 revision due

**February 18:** Understanding the IRS Form 990

*Readings:*

No readings for today

*Groups:*

Group meeting

**February 20:** Mort Meyerson

*Readings:*

Eric Friedman. *Reinventing Philanthropy*. Chapter 5.

*Groups:*

Group meeting

**February 25:** Understanding the IRS Form 990 II

Visiting Speakers: panel of students from prior philanthropy classes

*Readings:*

Reich, Rob, Lacey Dorn, and Stefanie Sutton. Anything goes: Approval of nonprofit status  
by the IRS Stanford, CA: Stanford University Center on Philanthropy and Civil

Society, 2009, pp. 1-26. Link: <https://www.openminds.com/wp-content/uploads/indres/101509ssreichnonprofit.pdf>

Watch Dan Pallotta's Ted Talk:

[http://www.ted.com/talks/dan\\_pallotta\\_the\\_way\\_we\\_think\\_about\\_charity\\_is\\_dead\\_wrong.html](http://www.ted.com/talks/dan_pallotta_the_way_we_think_about_charity_is_dead_wrong.html)

## **February 27:** Understanding the IRS Form 990 III

*Readings:*

Guide Star 2016 *Highlights of the Form 990*

Institute for Local Governance. 2010. *Pondering Public/Nonprofit Collaborations: What a Form 990 Says about a Nonprofit*

*Groups:*

Groups narrow to one charity per person

## **March 4:** Evaluation, Logic Models, and Social Return on Investment

*Readings:*

Peter Singer. 2009. *The Life You Can Save*. Chapter 6.

Eric Friedman. *Reinventing Philanthropy*. Chapter 8.

Peter Rossi, Mark Lipsey and Howard Freeman. *Evaluation: A Systematic Approach*. Seventh edition. Pp. 93-96, 146-164

Communities Foundation of Texas. *Common Grant Application*

## **March 6:** Evaluation, Logic Models, and Social Return on Investment II

*Readings:*

Michael Weinstein and Ralph Bradburd. *The Robin Hood Rules for Smart Giving*. 2013. New York: Columbia Business School. Chapters 1-2.

Paul Brest and Hal Harvey. 2008. *Money Well Spent: A Strategic Plan for Smart Philanthropy*. New York: Bloomberg Press. Chapters 10.

Alana Conner Snibbe. 2006, Fall. "Drowning in Data" *Stanford Social Innovation Review* 39-45

Alnoor Ebrahim. 2013. "Let's be Realistic About Measuring Impact." *Harvard Business Review*.

*Groups:*

Group joint research on selected charities

## **March 11:** presentations

## **March 13:** groups decide on a single charity

## Spring Break

### March 25: The Scientific Method and Experimental Design

*Readings:*

Michael Weinstein and Ralph Bradburd. *The Robin Hood Rules for Smart Giving*. 2013. New York: Columbia Business School. Chapter 4.

Trochim, William M. 2006. The Research Methods Knowledge Base, 2nd Edition. Internet WWW page. Read these pages:

<http://www.socialresearchmethods.net/kb/destypes.php>

<http://www.socialresearchmethods.net/kb/deexper.php>

<http://www.socialresearchmethods.net/kb/expsimp.php>

<http://www.socialresearchmethods.net/kb/expequi.php>

<http://www.socialresearchmethods.net/kb/random.php>

*Groups:*

Groups plan research

### March 27: The Scientific Method and Experimental Design II

*Readings:*

Peter Rossi, Mark Lipsey and Howard Freeman. *Evaluation: A Systematic Approach*. Seventh edition. Chapter 8.

Alnoor Ebrahim. 2014. "What Impact? A Framework for Measuring the Scale and Scope of Social Performance." *California Management Review*

*Groups:*

Group research

### April 1: The Scientific Method and Experimental Design: Exercises

*Groups:*

Group research

### April 3: The Big Picture: Declines in Volunteering and Other Forms of Social Capital

*Readings:*

Robert Putnam. 2000. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster. chapters 1, 3, 7, and 24

## **April 8:** Volunteering

### *Readings:*

Peter Singer. 2009. *The Life You Can Save*. Chapter 4.

## **April 10:** Religion and Giving/Volunteering

### *Readings:*

Robert Putnam and David Campbell. 2010. *American Grace: How Religion Divides and Unites Us*. New York: Simon and Schuster. Chapter 13.

Maimonides Eight Degrees of Tzedakah

### *Groups:*

Group research

## **April 15:** Giving Goals

### *Readings:*

The Philanthropy Lab: Create a Giving Goal

### *Groups:*

Group research on opposition

## **April 17:** New Research on Giving by Individuals and Governments

### *Readings:*

Duhigg, Charles. 2017. Why Don't You Donate for Syrian Refugees? *New York Times*

The Economist. Oct 26<sup>th</sup>, 2013. "Pennies from Heaven: Giving Money Directly to Poor People Works Surprisingly Well. But It Cannot Deal with the Deeper Causes of Poverty."

Joseph Hanlon, Armando Barrientos, and David Hulme. 2010. *Just Give Money to Poor: The Development Revolution from the Global South*. Chapter 9.

Kevin Starr and Laura Hattendorf. 2014. "Give Directly? Not So Fast." *Stanford Social Innovation Review*.

Michael Walzer. 2011. "On Humanitarianism: Is Helping Others Charity, Duty, or Both?" *Foreign Affairs*. [www.foreignaffairs.com/articles/67931/michael-walzer/on-humanitarianism](http://www.foreignaffairs.com/articles/67931/michael-walzer/on-humanitarianism)

Listen to Act one ("Money for Nothing and Your Cows for Free") in This American Life 503: I Was Just Trying to Help, available here:

<https://www.thisamericanlife.org/radio-archives/episode/503/i-was-just-trying-to-help>

**April 22:** Arguments Against Nonprofits

*Readings:*

Robert Lupton. 2011. *Toxic Charity: How Churches and Charities Hurt Those they Help, and How to Reverse it.* Chapter 2

Paul Kivel. "Social Service or Social Change?" chapter 11 in *The Revolution Will Not Be Funded.* Cambridge: South End Press.

Amsterdam, Daniel. "The shortcomings of billionaire philanthropy." *The Atlantic.* December 5, 2015. <http://www.theatlantic.com/politics/archive/2015/12/the-shortcomings-of-billionaire-philanthropy/418938/>

**April 24:** Plan Evaluation of Grants

*Readings:*

Letter to Students from the Philanthropy Lab

**April 26:** paper 3 due

**April 29:** Final Presentation and Debates

**May 1:** voting

**May 6:** Final Decisions

**May 8:** Course Wrap-Up

*Readings:*

Peter Singer. 2009. *The Life You Can Save.* Chapters 5, 9, and 10.

**May 18, 2-3:30** Final Exam

**May 18, 4:00** Presentation of Checks to Recipients and Celebration



## *Overview of Process for the Distribution of the Funds*

January: students fill in choices for groups

- 6 groups of 3 students each

January: students receive group assignments and begin discussion of overall goals for giving.

Early February: groups meet for more discussion of overall goals.

- Each student charged with finding three charitable organizations that meet the goals of the group.
- That means ~9 organizations per group.
- Students will need to compile some basic information about their three organizations before the next group meeting.

Early February: groups review their organizations

February: group meetings to narrow the organizations to be considered to 1 per member of the group.

- Should be based on criteria established by the group.
- At this point, each group will cut down to considering only 3 organizations.
- Each organization is assigned to one member of the group for further study.

February – Early March: individuals work on paper #2, which is a report on their charity, and prepare a presentation on their charity for the upcoming presentations and debates.

March: Each member of each group will present information on their charity. Then groups will debate within themselves on the merits of their individually-assigned charities. The rest of the class will provide input.

- Within your assigned group you will be presenting information, arguing, and attempting to persuade other members of your group as well as the rest of the class.
- The end result is that each group will select down to one charity for further research.
- At this time we will have 6 finalist charities, one per group.

March 13: groups finalize their finalist charity.

Late March - April: Groups organize due diligence research, further data collection, and tasks for group members. Each group will undertake serious study of their selected charity.

- All aspects of the organization – mission, program effectiveness, capacity of management and board to lead the organization, fiscal strength, etc. must be considered.
- Students will evaluate the charities using the tools learned in class
- Students will need to interview a representative from the charity or do a site visit
- Students will check with university lawyers about potential grantees to make sure there are no legal problems
- Each student will use the results of their own research, as well as the group's research, to write paper #3.

End of April: presentations and debates will provide detailed information for each group's top choice. Each member of the group has to play some role. The class will be voting on the amounts of money to give to each of the charities.

- presentations must include:

  - The case for this type of charity

  - Why this organization makes an impact

  - Any specific recommendations you are making on the size of the gift, unrestricted or restricted use, the percentage of the agency's budget the gift would be, possible uses of money (how much they need to make an impact)

- each group will be assigned an opposing group, who will prepare a rebuttal. Groups will have a chance to respond to the rebuttal, as well as to questions from the floor.

May 1: voting.

May 6: final decisions. Final decisions will involve the number of charities to give to and the amount to give to each charity. Only students who have attended regularly will vote on the final distribution of the funds. No more than 3 charities will receive donations.

May 18: checks will be presented to representatives of the selected charities.

#### *Helpful Resources:*

The Philanthropy Lab. Website for the Philanthropy Lab project. Includes grants awarded to date and syllabi from the courses at the thirteen participating universities. [www.thephilanthropylab.org/](http://www.thephilanthropylab.org/)

GiveWell. In depth charity research, reviews, and recommendations. [www.givewell.org](http://www.givewell.org)  
Good Intentions are Not Enough. Charity research and a nice "smart donor" quiz.  
[www.givewell.org](http://www.givewell.org)

Giving What We Can. Charity reviews and recommendations and a giving pledge.  
[www.givingwhatwecan.org](http://www.givingwhatwecan.org)

Guidestar. Basic data about nonprofits, including tax Form 990. [www.guidestar.org](http://www.guidestar.org)

Charity Navigator. Charity ratings with emphasis on financial health and accountability/transparency. [www.charitynavigator.org](http://www.charitynavigator.org)

The Chronicle of Philanthropy. National weekly devoted to philanthropy. [www.philanthropy.com](http://www.philanthropy.com)

Independent Sector. Nonprofit advocacy and policy. [www.independentsector.org](http://www.independentsector.org)

Ashoka. Supporting social entrepreneurs. [www.ashoka.org](http://www.ashoka.org)

Foundation Center. Maintains a database on grantmakers and grants and does research, education, and training. [www.fdncenter.org](http://www.fdncenter.org)

Center on Philanthropy at Indiana University. Academic center focused on philanthropy.  
www.philanthropy.iupui.edu

The Life You Can Save. Website related to Peter Singer's book. www.thelifeyoucansave.com

*University of Texas Honor Code:*

The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

Each student in this course is expected to abide by the University of Texas Honor Code.

Your work must be your own work. Plagiarism means “to steal and pass off the ideas or words of another as one’s own. To use another’s production without crediting the source” (Merriam-Webster Dictionary 2012). Do not present someone else’s writing or ideas as your own. This includes unacknowledged word-for-word use of someone else’s work, unacknowledged paraphrasing of someone else’s work, and/or unacknowledged use of another person’s ideas. If you use words or ideas from someone else, you must cite your sources. Unclear on what constitutes plagiarism? Want to know how to avoid it? See <http://www.lib.utexas.edu/services/instruction/learningmodules/plagiarism/>

*Documented Disability Statement:*

Any student with a documented disability who requires academic accommodations should contact Services for Students with Disabilities (SSD) at (512) 471-6259 (voice) or 1-866-329-3986 (video phone). Faculty are not required to provide accommodations without an official accommodation letter from SSD.

- Please notify me as quickly as possible if the material being presented in class is not accessible (e.g., instructional videos need captioning, course packets are not readable for proper alternative text conversion, etc.).
- Contact Services for Students with Disabilities at 471-6259 (voice) or 1-866-329-3986 (video phone) or reference SSD’s website for more disability-related information:  
[http://www.utexas.edu/diversity/ddce/ssd/for\\_cstudents.php](http://www.utexas.edu/diversity/ddce/ssd/for_cstudents.php)

*This syllabus is subject to change. Changes, if any, will be announced in class. Students will be held responsible for all changes.*