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In This Issue: Changes in the Tax Law; Using Your Donor Surveys; Fundraising is a Song & Dance; Creating Slide Shows.

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The Grassroots Fundraising Journal is happy to consider articles for publication. Please submit copy typed, double-spaced. *If computer-generated, please submit highest quality printing possible (no dot-matrix printouts, please). Please do* not *submit material typed in all capital letters.*

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In This Issue

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Editorial

The Changes in the Tax Law

What They Mean for Grassroots Organizations

Many charities are in a panic about the effects of the tax reform act on charitable giving. Dozens of articles have predicted various dire results from the changes, and information from some sources has contradicted that from others. This leaves people in small non-profits who don't understand tax laws in the first place really confused. Here at the *Journal*, we debated whether or not to comment on the changes. We didn't want to add to the confusion, but one co-editor had strong feelings and so decided to comment.

First, let's summarize the main features of the Tax Reform Act as they affect charities.

1. The charitable deduction for people who do not itemize is eliminated.
2. The current system of 14 tax brackets running from a high of 50% to a low of 11% is condensed into two brackets: 15% and 28%. (For 1987 only, the tax rates will blend the old and new systems and will impose a highest rate of 38.5%)
3. The preferential treatment of long term capital gains is eliminated. Now, only 40% of capital gains is taxable, and people in the 50% bracket only pay 20% on capital gains. From now on capital gains are taxed the same as wages.

Now, let's summarize the opposing viewpoints on the effects on charities of these laws. John Mikulenka, writing for the National Society of Fundraising Executives newsletter, presents the gloom and doom scenario. He says, "Like a vanquished football team reviewing films of The Big Game, the philanthropic community is slowly coming to terms with its losses on the playing field of tax reform." He goes on to quote from an econometric study prepared by Lawrence Lindsay, assistant professor of economics at Harvard, which shows an $11 billion loss in charitable giving under the new law. This loss includes $4 billion because of the lowering of marginal tax rates, making a gift worth less. (Today, individuals in the 50% bracket save 50¢ for every dollar given to charity. Under the new law, individuals can only save 28¢, which is the top tax bracket.) The $11 billion loss also includes $6 billion from the elmination of the non-itemizer deduction, and $1 billion from stricter treatment of gifts of appreciated property.

> *The tax incentive is the least important motive for giving.*

Another viewpoint is presented by Toby D'Oench, author of the *Gift Giving Guide*, and one of the founders of the Funding Exchange. He and June Makela, Executive Director of the Funding Exchange, write, "We feel that this long overdue tax reform represents an improvement over the existing, badly compromised tax structure. It releases six million low-income Americans from any obligation to pay federal income tax. It no longer

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Marketing Part Four

Using Your Donor Surveys To Find New Donors

In the past two issues of the Journal, we discussed ways you can get to know your donors better so as to strengthen and build on their loyalty and increase their giving to your organization. Many of you may have been surprised by what you learned about your donors' values, where they live, what their income level is, what other groups they belong to. All of this information is useful both for staying in touch with current donors, and as clues to where you might find new donors. The purpose of this article, the last in this introductory series on marketing, is to explore some of the ways you can put this information to work in prospect research.

To use the results of your demographic and psychographic surveys to find new donors, first list all the strategies that you currently use for getting donors. (If you are doing this in a group, write all the strategies on a piece of butcher paper on a blackboard where everyone can see it.) Your list will probably include direct mail, phone-a-thons, special events, products for sale, fees for service, foundation and corporate grant proposals, and major gift solicitation.

Now, list your survey results, and note what fundraising strategy would be best for finding donors similar to the ones you already have. To illustrate, let's look at the surveys point by point and show how you can use their information.

The results of the demographic surveys have given you the age, income bracket, occupation, education, religious and political identifications, etc. of your donors. Ask yourself: where are more people like that? What do they like to do? Where can we find them?

For example, a group discovered that 25% of their donors live in a particular neighborhood of the city. Those same donors generally have incomes between $30,000 and $70,000: they are upwardly mobile career oriented individuals, mostly without children. They are a market with a good deal of disposable income. Also, according to the survey, most of them are registered Democrats, and for the most part, they have no religious affiliation.

Using this data, the organization identified from all its possible fundraising strategies one that would allow it to focus on that neighborhood. They decided to ask donors who had given $100 or more for two or more years to host a houseparty for the group, and to invite their neighbors. At each party, the guests are educated about the work of the group, and asked to participate by donating to the group, holding a house party of their own, and voting on certain issues at an upcoming election. From their data, they know most of the people would be voting the way they recommend any way, so the only new behaviors they are asking for are a donation and a houseparty. They set a goal of five houseparties hosted by current donors, and ten more hosted by people recruited by donors. This turns out to be a very effective strategy to reach an upper income group in a relaxed setting, and bring them in as major donors.

The same group also decided that because so many of their donors were in an upper income range, the group could provide information that would be useful to others with similar income. In conjunction with several other non-profits, they hosted a seminar on socially re-

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Design: Michael Cox

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Ask yourself: Where are more people like that? What do they do? Where can we find them?

sponsible investing. They advertised widely in the neighborhoods where they already had many donors, and attracted many new people to their seminar. The focus of the seminar was not on the organization, but in the course of the seminar, the organization was able to give a pitch for itself.

Another organization compiled the names of all the magazines mentioned in their survey responses (in response to the question, "What magazines do you read?") The one mentioned most often was "The Nation" followed by "In These Times" and "Off Our Backs." They decided to rent mailing lists from those publications (where available) for the geographic area they served and use direct mail to reach those people. Because those publications are primarily received by subscription, rather than bought at a newsstand, and are generally ordered through the mail, they reasoned that the readers of those papers, in addition to their political beliefs, also have in common that they buy by mail. To back up their mail appeals, the group placed classified ads in these papers during the two months that they were sending mail appeals. The ads offered a publication for sale that the group had produced, but the real purpose of the ads was to increase their name recognition in order to increase response to the mail appeals. Although it is impossible to tell exactly what results this dual strategy produced, it seemed to work. The organization expected a 1% response to its mail appeal (5,000 pieces)—it received just over 2.5%. In addition, they did receive some orders for the publication advertised.

Another group observed that more than half of their donors indicated in the psychographic survey that they talked about the organization to their friends and co-workers. Some respondents even wrote in that they always shared the organization's newsletters with friends or brought them to work. Using that information, this organization launched an "each one reach one" campaign. They sent a special appeal to current donors asking that each donor ask one person to join the organization. They included a copy of their newsletter, a fact sheet on the organization's latest work, and a return card and envelope. (People were also sent a card so that they could request more cards and newsletters, in case they wanted to ask more than one person.) The current donor was asked to sign his/her name on the return card before giving it to the prospective donor. Everyone who brought in a new donor was sent a small gift. Some people recruited ten donors, some only one, and one person recruited 25 donors!

Many organizations discovered from the psychographic survey that their donors do not have any set formula for determining how much to give to non-profits, and that they either don't know what their annual charitable giving is, or that it is less than 2% of their disposable income (2% of disposable income is the national giving average). Some of these groups are launching educational efforts to teach people to be better donors. Their newsletters contain stories from thoughful donors; their appeals compare the cost of hamburgers or movies with the cost of a donation. These strategies help make the point that social change needs to be a priority—not something done after all other needs and wants are taken care of. One anti-nuclear organization did an appeal on this theme: "Most people spend several hundred dollars a year to insure their homes and cars against theft, fire, flood or other destruction. Our world needs this insurance. Please calculate how much you spend on insurance, and then send us a check keeping in mind that peace is our only insurance against nuclear destruction."

Conclusion

In conclusion, each aspect of your survey should be used as a brainstorming point to determine the implications of the information you have learned: How can we take advantage of this information in recruiting new donors? What strategy will be most effective in reaching similar people?

As we said in the very first article in this series, we must follow the old adage, "Work smarter, not harder." Groups that thrive in the coming years will be those which think carefully about their donors: who they are, what they respond to, and where there are more of them. Knowing your donors will be the key to success. Educating your donors to encourage their loyalty and pride in your group will bring in more donors, and keep your donors giving and giving more each year. KK

81% Profit from a Musical Production

Fundraising is A Song and Dance

by Laurie Hammond

Last year ticket sales for *Best of Broadway* brought in $96,000. The program book with ad sales and patron listings, earned another $53,000. Corporate underwriting attracted an additional $12,000. And beyond these figures is the visibility that has been built for Stanford Home for Children, *Best of Broadway's* beneficiary. The Stanford Home provides 24 hour residential care for teenagers who, because of severe behavior or home problems, need rehabilitation to achieve emotional and social maturity.

David I. MacDonald is the catalyst behind this Sacramento, CA fundraising success. After 13 years of producing the annual *Best of Broadway* musical revue and acting as Development Director at Stanford Home, he knows exactly how to guarantee high profits for a nonprofit agency.

Quality Counts

The most important consideration, in MacDonald's view, is the quality of the production. "Without quality," he says, "you could sell a show once, but you're not going to do it year after year and draw an audience."

For that reason, MacDonald would rather increase income than cut costs. The instances when he has tried to cut back expenses have often resulted in unacceptable quality. One year, for example, he hired a non-union band because it was considerably less expensive than union performers. However, the non-union players did not learn the music as quickly and were not as responsible, and as a result the opening night orchestra was not one the dancers or the audience members could keep time with.

MacDonald has seen several local charities produce low-budget theatrical performances. Most of those productions didn't last. The community just will not buy tickets to a show that they couldn't hear very well last year or that was in a poorly ventilated auditorium, or in which the performers looked unsure of where they were supposed to be.

To ensure consistent high quality in *Best of Broadway,* MacDonald writes the show's script and oversees all phases of promotion and production.

Strong Board Backing

MacDonald's most important resource in promotion has been Stanford Home's strong board of directors. The annual theatrical production has sparked enthusiasm and built cohesiveness among the volunteers. As MacDonald stresses, "Those who are committed to the cause are always the best people to sell it."

And sell it they do. Program advertisements, tickets, and publicity for the show keep them busy for several months before the performance. Prior to September's opening night, board members have sold nearly 125 pages of advertisements to local business owners.

A top ad seller generally uses the following approach: "I drop by the store during their least busy hours when I know the owner is in. We chat a bit, but I let him know right off why I'm there. We're both busy people and I'm

Laurie Hammond *is a freelance writer in the San Francisco Bay Area. She has worked with numerous theatrical fundraising events and was Associate Producer of* Best of Broadway *from 1973 until 1983.*

not going to waste much time. First I let him know what kind of show is being put on. Then I tell him who the audience members will be: prominent people in the community who support Stanford Home and others who would patronize his business. I let him know how many people we expect will attend the show and then I get down to the size and quality of the program itself. I always start the sale by asking for the largest ad I think is possible for that person. Maybe he can underwrite $5,000 of the show, or maybe his store can afford an $800 program cover. Every time he says, 'No,' that's an invitation for me to offer the next smaller size ad.

"It's important to let him know that it's a better benefit to him than just getting the advertising. He's buying advertising and giving the money to a good cause, which gets him a write-off and an advertisement as well. Perhaps just as important, it's good public relations for his business, because everyone who sees his ad sees his community involvement and his support of our nonprofit agency."

With their connections in the community, board members have also been good ticket sellers. Even business owners who won't buy a small ad will usually buy several tickets. MacDonald also counts on his cast members to sell tickets. He can safely predict that four people will attend the show for each cast member and for each board member, even without publicity. They have parents and brothers and sisters and best friends; all of whom will buy tickets. That's one reason he's always had a large cast—nearly 180 performers every year. Beyond that, it's a matter of how hard the supporters are willing to push outside their closest contacts and how much publicity he can get in the community.

Publicity Plugs the Show

Publicity is often donated as a result of connections board members have with local media people. One board member was able to get the city's major local newspaper to sponsor the show with free advertising space.

Even without connections, media people (and business owners who buy ads) are more willing to get involved with a volunteer board member. It's hard for them to tell a volunteer who is donating time to a cause that they just can't donate ten minutes on television or ten lines of type for an ad. In fact, in MacDonald's experience, most media people are willing to give more than he asks for. He suggest to the publicity committee members that they go to the radio or television station and say, "We need to publicize this show. We're not experienced at that and don't know exactly how to approach it. What suggestions would you have?" They are going to give the show more publicity if they are asked for their expertise. And they are the experts, so it is wise to get their input.

The same approach has worked with the print media. In fact, one of the most effective methods of publicity has been through newspapers. Television, radio and even flyers distributed throughout the community have also boosted ticket sales. On the other hand, according to MacDonald, large posters and billboards, which were used the first several years, had no impact at all and he doesn't recommend them as publicity tools. As with most events, MacDonald notes that word of mouth has been the very best publicity method for the show.

As the show has matured through the years, more sponsors have been attracted. Large corporations are now willing underwriters for *Best of Broadway.* MacDonald presented his case to McDonald's in 1985, saying, "We'd like you to pay for $5,000 worth of television advertising. We will write the copy and add, 'compliments of McDonald's hamburgers' at the end." He says now, "They were eager to do it because it's good publicity for them to support something that is well done and benefits a good cause. It gives them the image of being helpful to a wonderful charity. And every large corporation needs that." The advertisers and audience members are more eager to buy, too, since word of mouth increases the awareness of the show every year.

Talent Lines Up to Volunteer

Word of mouth has also attracted a strong production staff. Before the show had been established in the community, MacDonald hunted for production talent at local colleges, where arts and drama departments were good sources for set designers, artists, technical workers (for light and sound) and stage hands.

His first choreographer was a well-known local dance instructor. The show's choral directors have been church choir members, private voice teachers and even a high school band instructor. A high school choral director who was also a union musician became the show's band director.

The most important consideration in hiring production staff was, again, their quality. He checked to find out what they'd done in the past and how successful those endeavors were.

With assistance from his expert production staff, MacDonald pulled off a good quality show in 1973. It was his first experience in producing and directing a large scale musical revue, so there were also some tense moments. MacDonald recalls frantically hammering sets together on opening night as the audience took their seats. Behind the main curtain, dance numbers were still being rehearsed.

In 1973, the choreographer's top dance students automatically became the show's dancers. In 1985, over 800 people competed for 80 positions, though none of the performers is paid.

Budget Items Add Up

Many other resources for the show do cost money. In 1986 *Best of Broadway* cost $91,300 to produce. The two biggest expenses are about $20,000 to print the 130-page program and $16,000 to hire a union band. The band fee for nine members includes not only performance time, but also rehearsal accompanists and musical arrangements. The choreographer is paid about $3,000. The choral director and costume director each receive several hundred dollars, and theatre rental, lighting design, light rental and a union electrician to run the lighting are another several thousand. MacDonald now owns his sound equipment, but adds improvements every year and hires someone to operate it. Other expenses include clerical help, advertising that isn't donated, and materials from paint to typewriter ribbon.

MacDonald gets the best deal he can on everything that he can't get donated, but he knows not to cut corners on the people who work on the show. Expert people who know what they're doing are very important—they assure Stanford Home of the return on their investment.

Most of that return is in ticket sales. At just $10 per ticket, the show brought in $96,000 in 1985. Ads in the program run from $75 for a business card size to $800 for a program cover. Underwriting provided the biggest boost to *Best of Broadway*'s income—$190,000 this year. Last year, corporations donated $12,000 to the show, this year $25,000.

The 81% profit earned by these methods does not take into account the benefit to the agency in public relations. In MacDonald's experience with Stanford Home, thousands of dollars worth of donations come in throughout the year from people who relate the contribution directly to *Best of Broadway.* He says the value of the public relations image they've built in the community is even greater than the monetary profit. And when Stanford Home needs help in other areas, it's easier to get. According to MacDonald, "The typical reaction from local business owners when asked for help is, 'Oh yes, you're the ones that did *Best of Broadway.* That was a wonderful show.' They sit and talk to you about the show for half an hour and then they give you what you need. *Best of Broadway*'s been real, real good that way. It's made a big difference." And the children of Stanford Home are very grateful for that difference. ■

Image Making: Creating Slide Shows

by Joan Klussman

A locally-produced slide program can be an organization's best friend. It's never short-handed, sick, or too tired to carry a message to the public. Such a program can be motivational, educational, even captivating. Then again, it can be an embarrassment due to slides that are out of focus, out of sequence, upside down, or otherwise fraught with confusion. The following tips from media consultants and professional photographers offer help towards a more polished presentation.

The Script

Many and diverse are the uses of a slide show. It can recruit volunteers, explain a budget, present the organization at meetings, inform the public of a campaign, or depict special events.

Find the focus for your script by considering these three questions:

1. Who is the audience?
2. What do I want the audience to *do* after viewing the program?
3. In ten words or less, what is the message?

With the answers to these questions as a guide, prepare the script as a series of brief, interrelated ideas. Description and philosophizing are unnecessary. Be a plain speaker, free from organizational jargon. "How would you explain this to an eight-year-old?" asks one media consultant of his clients.

Use statistics sparingly—they'll assume more importance. In addition, a deft touch of humor not only adds to viewer enjoyment, but to longer recall of the program as well.

Use a visual planning log (see illustration) to develop a shooting script. Divide the script into segments, and plan a picture for each one.

Pacing is important. There must be time to absorb the visuals, yet the program must move along with regularity. Moving through visuals too quickly creates frustration; lingering on one too long makes an audience restless. Six to eight slides a minute with a total program length of ten to fifteen minutes is most effective, say business and industry advisors.

For a ten minute program, then, the shooting script should have 60 to 80 planned pictures, including title, credit, and end frames.

Most experts advise not displaying text on the screen. If however, you feel it necessary to have pictures of words (names, addresses, definitions), do them poster style—with one main idea emphasized in large type—and keep the number of such slides to less than ten-percent of the total program.

If you are showing a reproduction of a clipping, book, or similar item, make sure the print is large enough,

Joan Klussman *has created a popular slide/tape program for a statewide professional organization. She is a former librarian and public school teacher.*

when projected, to be read.

The Pictures

Unposed "people shots" are the best in locally produced programs—there is an honesty about them which beguiles the viewer. However, script ideas cannot always be worked out so candidly. If you must pose pictures, take the time to get the best possible light. Take more than one shot of each pose, trying different angles. When you begin putting the program together, you may appreciate having several choices.

A 35-millimeter camera is preferable to an Instamatic, but you can get good results with either type of equipment. High speed films such as Fuji 400 or Kodak 400 or 3M 1000 will enable you to capture your indoors ideas in natural light. Photo flashes often create a distraction, diminishing your chances for naturalness. Moreover, their use leaves the amateur photographer open to problems of backgrounds which are too dark or foregrounds which have been washed out by too much light. On the other hand, when not using flash, make sure that the area and people or objects you are photographing are well lit. Look through the lens to check for unwanted shadows or dark areas.

When possible, use a tripod. One of the chief reasons for fuzzy photos is camera movement during the instant of exposure. Tripods help eliminate this possibility by keeping the camera still. They also allow you to use a slower shutter speed than with a hand-held camera, increasing the overall sharpness of the picture.

To photograph pictures or articles from print sources, use a copy stand or tripod to hold the camera. It will help you to obtain the proper angle, distance, and light. (NOTE: Get permission to use copyrighted material.)

The Editing

Put all of the processed slides into a projector and examine them on a screen. The pictures you want to use should be readily understandable. Throw away fuzzy, dark, or confusing slides. If the point of the picture needs explanation, dump it. Clarity of idea and image are the criteria. A poor slide allows the viewer's attention to wander.

Place the remaining slides on a light box, and arrange them in script order. Choose the final images by using the projector again. Be open to the idea that you may need to take some pictures over.

By the way, all of this in-and-out of the projector tray can be facilitated by the use of a stack loader. It's a relatively inexpensive device (around $30) and much faster than hand loading individual slides into all those little slots.

When the slides are in their final lineup, make sure they are all facing the right way before numbering them. Slides have a shiny side and a dull side. The dull side faces the screen when projected. Most film processors print "This side toward screen" on the frame. Using a marking pen, number the slides in the lower left corner on the shiny side, which will face you when you load the tray. Seeing the numbers in order will give you confidence that none of your pictures will be projected upside down, writing in the slides will never appear backwards, and the sequence of events will always be as you planned.

The Sound

Record the program on a good quality cassette tape. If using a portable recorder, jack in a microphone rather than using the build-in condenser mike. An omnidirectional microphone will produce even better sound quality.

Recorders such as the Califone 5275 can be used not only to tape the program, but also to provide audible or inaudible cues (beeps), which allow coordination of slides and tape on either manual or automatic ad-

Visual Planning Log

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FRAME ________

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vance machines.

A nice touch is a musical background. (Again, you might want to check copyright, or use something in the public domain.) Begin the music a moment in advance of the first slide. Fade the sound by the end of the credits so that it disappears under the narration. As the last slides appear, start the music softly, gradually building to the end. Acknowledge your musical source in the credits.

Avoiding Presentation Problems

The lights are off, the projector on, and the tape begins. After several slides, the projector jams. As the tape drones on, you moan softly, "Why me?"

Well. . .a common cause of jamming is tilting. In order to get the projected image in good screen position, people often prop the projector up with a book or something under the elevating foot. This causes the slides to fall into the projector at an angle which prohibits their ejection by the select bar. To avoid this problem, do not tilt the projector at an angle higher than what the built-in elevator foot will achieve. Instead, use a higher stand to raise the projector.

To avoid other potential problems, always carry an extra projector bulb and an extension cord with you when you go to show your slides, and extra batteries, if needed, for your tape recorder.

Conclusion

In spite of video and other technological wonders, media consultants continue to promote the use of the slide show, citing obvious advantages: it is easily edited and updated, it is flexible, and it is economical. Individual slide programs prepared to meet your own needs can be effective ways to project your organization's image. ■

New service for *Journal* subscribers

The Grassroots Fundraising Journal *is pleased to announce that help is on the way for*

- *direct mail appeal letters and packages*
- *annual reports*
- *educational brochures.*

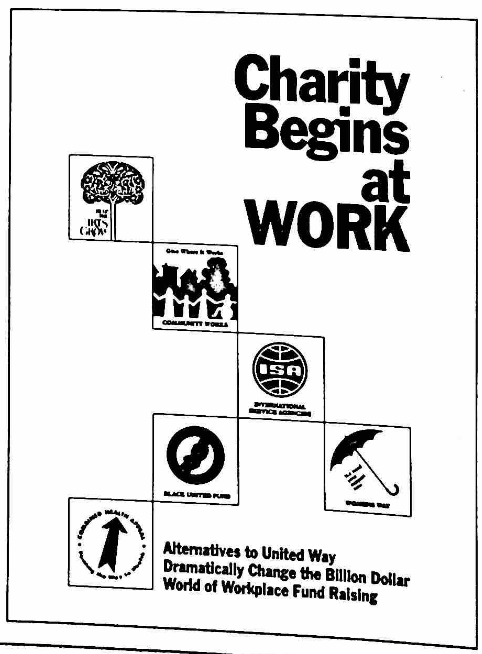
Do you wonder if your organization's written materials could be more forceful? better organized? expressed more concisely? written more colorfully? stated more clearly?

The Journal's *copy editor is now available to work with you to improve your non-profit organization's written materials. Nancy Adess has 10 years' experience as Executive Director of a national non-profit organization and five years' experience as a professional editor. She will work with you to clarify and strengthen your direct mail appeals, annual reports, and educational brochures.*

Send the text of your upcoming direct mail appeal or other materials and Nancy will return it to you within 5 days with editorial suggestions and improvements. Cost: $6 per page (prorated after the first page; call or write for exact estimate). Please send materials typed, double-spaced. ***Nancy Adess Editing, P.O. Box 101, Inverness, CA 94937.*** *Telephone: 415-669-7404.*

Book Reviews

A number of very fine publications have come out this year. We list them here with an annotation noting what is especially useful about each of them. Many people who work for small non-profits and many *Journal* subscribers have complained about the cost of fundraising publications. While many books on fundraising are indeed overpriced, it is important to remember that books of this sort are not mass produced. They have limited "runs"—that is a small number of books are published because of the limited audience appeal, so there are fewer books across which to spread the costs, making each "unit" (book) more expensive. In considering buying books on fundraising, keep in mind that if you apply the information that you read, you should make your purchase price back many times over. It is also not necessary to own all useful books: ask your librarian to get these books for you to test their usefulness to your situation before buying them.



Charity Begins at Work, a new publication from the National Committee For Responsive Philanthropy, is an excellent introduction to the politics and history of workplace giving. There are chapters on the Combined Federal Campaign, a history of the United Way, and commentary on why charities should consider workplace giving. In addition, several chapters discuss the success of several alternatives to the United Way, including the Black United Fund, several women's funds and social action funds. This is an excellent book for organizations considering workplace solicitation, or for anyone interested in this lucrative but often contentious fundraising strategy. 63 pages, $20. Order from National Committee for Responsive Philanthropy, 2001 S Street NW, Suite 620, Washington, DC 20009. (There is a 50% discount to members, and being a member of NCRP is a very good idea for social change organizations, as NCRP works to make philanthropic insitutions more accountable, accessible and responsive. To join, send $15 to the address above.)

More than 500 sources of information used to identify and evaluate prospects for philanthropic gifts to nonprofit causes are described in a new two-volume set entitled *Fundraising Reasearch,* now available for $69.95 postpaid. This is the most thorough and clear collection of this type of information we have seen, and is well worth the high price. Volume One shows how to identify and evaluate fundraising prospects of all types: individuals, corporations, foundations, associations, and, to a limited extent, government programs. The information on individuals and foundations will probably be most useful to *Journal* readers. Volume One also has an excellent discussion on the philosophy of prospect research: why it's important, why it's ethical, and how to get your organization to accept the concept. Volume Two then lists and describes more than 400 resources that can be used to do this identifying—many of them resources easily available in the reference section of the public library.

Authored by Jeanne Jenkins and Marilyn Lucas, the books are written with very large institutions in mind, but will be useful to anyone wanting to get into the world of large gifts, even if a large gift for you is $500. Jenkins and Lucas were members of the team that created the University of Pennsylvania's highly regarded prospect research program, which, when first put into place, helped raise $255 million. Order from: Fundraising Institute, Box 365, Ambler, PA 19002. The book comes with a full money-back guarantee.

Resource Raising: The Role of Non-Cash Assistance in Corporate Philanthropy, a new book available from the Independent Sector, details all the kinds of non-cash assistance available from businesses and corporations. The book not only includes things—such as computers, office equipment, medicine, playground materials and the like—but also offers valuable advice on getting pro-bono legal work, graphic arts services, planning for special events, meeting facilities, mailing services, transportation—you name it. It discusses why corporations and businesses should give non-cash assistance, the tax implications of this type of assistance, and strategies for approaching corporations and businesses for what you need. This is a very useful book for exploring a relatively new strategy for most small non-profits: systematic seeking of in-kind gifts. This strategy is a growing one, and groups should familiarize themselves with all its possibilities. The book is authored by Alex Plinio (Vice-President of the Prudential Life Insurance Company of America) and Joanne Scanlon, Ph.D, a research consultant with the Independent Sector. 55 pages. $10 (a bargain). Order from Independent Sector, 1828 L St. NW, Washington, DC 20036.

For our friends in North Carolina: *Grantseeking in North Carolina: A Guide to Foundation and Corporate Giving.* This 637 page book is the only complete guide to corporate and foundation giving in North Carolina. The author, Anita Gunn Shirley, notes that North Carolina foundations give away more than $95 million and corporations an additional $78 million. Her book lists the 589 foundations based in North Carolina, as well as 16 out of state foundations with ties to that state, and 81 corporate giving programs. Available for $37.50 (includes postage and handling). Order from North Carolina Center for Public Policy Research, P.O. Box 430, Raleigh, NC 27602.

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shields a portion of capital gains from taxation. And it eliminates the most offensive tax shelter schemes." They go on to say that most of the donors they work with give in proportion to what they can afford, and not with regard to the value of the deduction. Because of the changes in the tax law, many people will have more money. They give an example of the exact increase in cost of a gift of appreciated property. "Let's assume you give $10,000 in stock which you bought for nothing (to simplify calculations) and that you are in the 50% tax bracket. The 1986 deduction saves you $5,000 and you saved capital gains taxes of $2,000 because you gave rather than sold the stock. Your $10,000 gift therefore cost you only $3,000. The figures are similar in 1987. A $10,000 charitable deduction saves you $3,850; the gift rather than the sale of stock saves you another $2,800 in capital gains taxes. Your $10,000 gift costs only $3,350. The same computations in 1988 and thereafter increases the cost of your gift to $3,900-$4,400, depending on your exact situation."

D'Oench and Makela stop short of saying what is clear to this author: a donor motivated enough to give $10,000 is not going to not give it because it cost her/him $350-$900 more than it used to. D'Oench and Makela do point out that the Tax Reform Act "introduces considerable complexity and inconsistency, especially for major charitable givers."

Now, let's examine what this will mean for small, grassroots non-profits. We can say for sure that, from a tax point of view, a charitable gift is worth more in 1986 than it will be in 1987 and from then on.

What else can we say for sure? In my opinion, nothing. It is unclear what, if any, impact these changes will have on charitable giving. I am willing to predict that will have no effect—certainly once charities are past their panic, the Tax Reform Act will have no lasting effect.

We know from previous studies, and from extensive work with donors, that the tax incentive is the least important motive for charitable giving. This is more true of donors to social change and grassroots groups than of donors at large. Further, about 50% of all money given away by individuals (last year, more than $66 billion) comes from families with incomes $50,000 and under. Most of these people do not itemize their deductions now.

Although the loss of the charitable deduction for people who do not itemize is unfortunate, 1986 was the only year in which 100% of gifts to charity were deductible if you didn't itemize. There was a sunset clause on that Charitable Deductions Act which began in 1984 with non-itemizers being allowed to deduct a certain percentage of their gifts. Over three years, this percentage was phased in to 100%, which it was this year. This aspect of the Tax Reform Act, then, does not change anything people were used to. In fact, all we can say is that the deduction for non-itemizers was not in effect long enough to know its long term impact on giving. (Certainly, its impact, at worst, would have been neutral, and would probably have been positive, but to predict loss from its elimination is very speculative.)

Finally, many middle and low income people will have more money because their tax bracket will be lowered, or they will be off the tax rolls altogether.

There have been other times when experts have predicted catastrophe as a result of tax law changes. For example, when income tax was first implemented 70 years ago, many experts predicted the end of giving to charity. Obviously, they were wrong. In 1981, when the top tax bracket was lowered from 70% to 50%, many predicted decreased contributions from wealthy people. We have no evidence that that happened.

In fact, giving by individuals has risen every year well past the rate of inflation, and we believe it will continue to do so. Tax incentives are simply not that important to most loyal donors.

Groups would do well to remember what will affect their ability to be on the receiving end of increased giving will be the quality of their work and the creativity of their fundraising. We urge *Journal* readers to be informed of the changes in the tax laws, but to use their time diversifying their funding sources, building the loyalty of their donors, and doing the social justice work people are giving you money to do.

KK

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