The Coming Flood

Philanthropy in this Decade

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The headline was surprising: “Foundation Giving Rises 5 percent in 2001.” How could giving have increased last year, with the stock market’s long slide, the tragedy of 9/11, and the largest corporate bankruptcy in American history? Some of the stocks underlying foundation assets shrank by more than 50 percent in just six months. But the press release about organized philanthropy in the United States was clear: “Foundations gave an estimated $29 billion in 2001—the highest level of giving on record.”

At one level, there was no real mystery here. U.S. foundations give based on the performance of their assets during the previous year. That means the level of giving in 2001 was locked in based on what happened in the investment markets during 2000 and the growth that occurred in philanthropy during the boom years of the 1990s.

We won’t know the full impact of 2001 until the spring of 2003, when we can see how giving was affected this year. But many people expect giving to decline, perhaps into 2004. The current mood is understandably wary and gloomy, in reaction to widespread foundation budget cuts, government deficits, and growing need.

If we look underneath these headlines, however, a complex, slow-moving story is still unfolding. The research detailed in this paper shows that the scale of charitable giving in America has passed an inflection point, creating a philanthropic industry unlike any ever seen. At this moment in history, more money than ever is flowing into philanthropy and American non-profits. This philanthropic flood has reached a critical stage. The reason, of course, is the long-heralded intergenerational transfer of wealth. Famous estimates of the effect of this transfer are often repeated, but most of these estimates look at a decades-long time frame. Here, we are attempting to talk concretely about the decade from 2001 through 2010.

Our research indicates that all charitable giving in the U.S. is likely to increase dramatically in the first decade of the twenty-first century. The story begins with a simple continuation of history: If the trends of the last quarter century continue, giving in this decade will be half a trillion dollars more than in the last. But when you add in the intergenerational wealth transfer that is already underway, the numbers go up substantially, adding *another* one-half to one trillion dollars. In other words, giving from 2001 through 2010 will likely be $1–$1.5 trillion more than it was from 1991 through 2000. That means that by 2010, an additional $100 to $150 billion will likely be given away in the U.S. *each year.*

The exact size of this coming flood cannot be predicted, because too many streams will converge in complex ways to create it. But we can talk about the order of magnitude shift occurring here, and its implications.

If we were looking back at philanthropy from 2020, would we see the first decade of the twenty-first century as one where unprecedented growth brought more chance for duplication, waste, and competition? Or one where more coordination and cooperation led to ever greater opportunities and accomplishments?

Would we see a "winner-take-all" dynamic, where existing, well-organized institutions such as universities, churches, synagogues, and museums reap most of the benefits, because they can get their needs acknowledged in the wills of their long-time supporters? Or would we see a new generation of non-profits also reaping the benefits in ways that enable them to better fulfil their missions?

The research presented here raises serious questions about the strains of scale on the non-profit system, the opportunities before us, and the impact that these gifts might have. Anyone concerned with solving basic societal problems has a vested interest in the answers. The philanthropist Thomas B. Murphy recently put this quite nicely: "The amount of resources that are emerging, despite the current blip in the economy, is sufficiently large that the way the money is ultimately allocated will have a significant effect on what our society will look like."[1]

This paper outlines the deeper story of the changing scale of philanthropic wealth. We begin by briefly reviewing the last decade. We look to the next decade as an extension of the longer-term past, and then dive into the details of the intergenerational wealth transfer, using the most respected academic research as our starting point.[2] Next we play with several possible—and plausible—"what ifs." Finally we consider what these extraordinarily large numbers mean, and what they could mean for the future.

Several caveats are in order. **First**, because we are explaining a very complex issue, parts of this paper are dense and detailed. All of it may not be interesting to all readers, so feel free to skip ahead. **Second**, our emphasis here is on the effects of the intergenerational transfer of wealth in the form of charitable giving via bequests. The story of the next decade is also likely to include much new giving from living donors. While we'll hint at the effects of this, we will not focus on it, because we know of no way to predict how much of that giving will occur.[3] **Third**, this paper focuses entirely on the United States. Sources in Europe indicate that many of the same forces are also in play there, with developments that we'll explain in a future revision. **Lastly**, we will update this paper regularly as new data become available, as our understanding changes, and as the philanthropy community engages with the content and adds insight. Check back for future versions at http://www.gbn.com/philanthropy.

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[1] "The Newly Rich Are Fueling a New Era in Philanthropy" by Stephanie Strom, *The New York Times*, April 27, 2002.

[2] Havens, John J. and Paul G. Schervish, 1999. "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy." Social Welfare Research Institute, Boston College. www.bc.edu/swri/

[3] Havens and Schervish have also worked up estimates of future charitable giving that include both bequests *and inter-vivos*, i.e., while living, giving. The most relevant to our paper is $6.8 trillion between 1998 and 2017, but this assumes all heads of households worth at least $1 million give away 20 percent of their wealth at age 55. When talking about the future of philanthropy, it is very important to clearly distinguish between giving-through-bequests and giving-while-living, because the two have very different degrees of certainty: the former has the force of mortality on its side while the latter does not. One recent article exemplifies this difficulty, first implying giving-through-bequests by citing the entire intergenerational transfer, and then listing combined bequest and *inter-vivos* estimates.[1] On the other hand, a recent article by Schervish himself specifically states when estimates are "combined lifetime giving and charitable bequests." ("The New Philanthropists" by Paul Schervish, *The Boston Globe*, May 9, 2002.)

The Last Decade

Giving USA tracks and documents the field of charitable giving annually. **Figure 1** shows the amount of total charitable giving in each year from 1976 through 2000, controlling for inflation.[4] Aside from the steep rise of the late 1990s, the general trend is one of continual increase, growing nearly 50 percent during the two decades between 1976 ($96 billion) and 1995 ($140 billion). In the single decade from 1991 through 2000, yearly total giving in America increased more quickly, growing by *more* than 50 percent from $133 to $203 billion, with the majority of this action occurring after 1995. Charitable giving during that entire decade totaled $1.6 trillion (in 2000$).

Figure 1: Total Charitable Giving (in constant 2000$)
Source: Giving USA

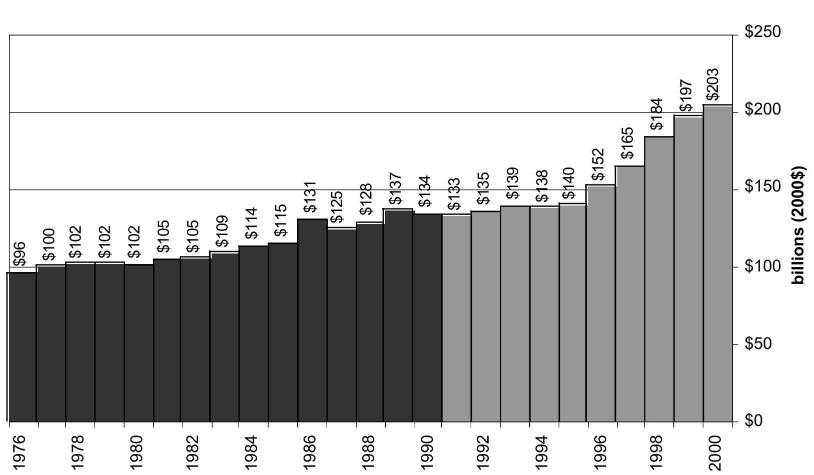
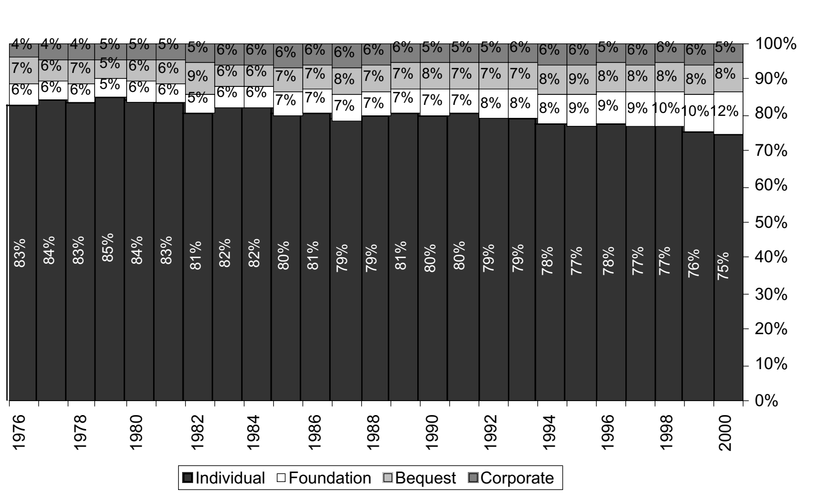


Figure 2 shows the four sources of giving, by percent of total:

1) individuals
2) foundations
3) bequests
4) corporations.

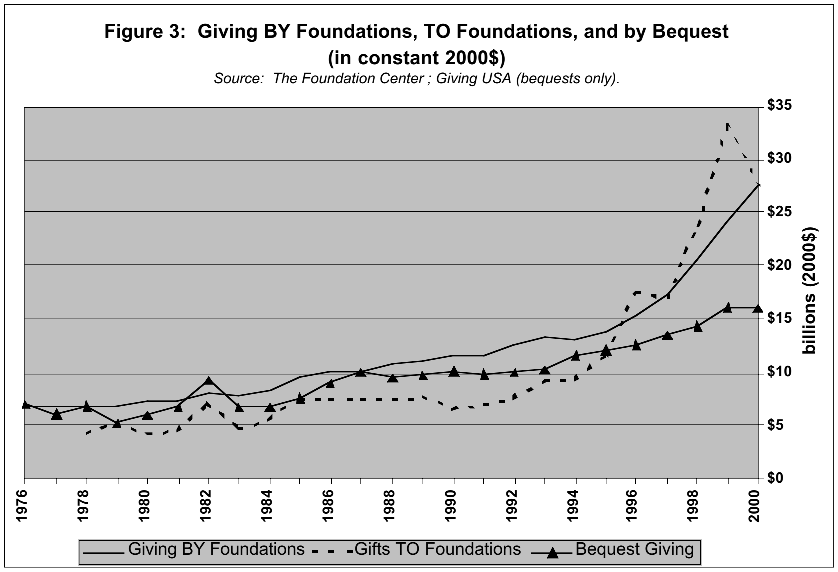
Individuals account for the lion's share of charitable giving, with foundations and bequests roughly sharing second place, and corporations consistently contributing the lowest percentage. The percent contributed by foundations increased noticeably throughout the 1990s, evidently at the expense of individuals. In terms of actual dollars though, giving by individuals still grew over this time period, well outpacing the annual population growth rate (3.5 percent versus 1.2 percent).

Figure 2: Percent of Total Charitable Giving, by Source
Source: Giving USA



The acceleration of giving by foundations in the late 1990s can be seen more clearly in **Figure 3**, where it reaches a peak of $27.6 billion in 2000.[5] Though not shown on this graph, growth in

[4] Although this section focuses on the last decade, displayed data runs the past quarter century so as to cover longer cycles of the economy. The following sections use these same data for considering the next decade.



foundation assets followed a similarly-shaped line—though at a much higher magnitude—peaking at $486 billion in 2000. Indeed, foundation payout has closely tracked foundation assets at about 6 percent since 1986.

Figure 3 also shows the amount given *TO* foundations, which not only accelerated more quickly than the amount given *BY* foundations, but also—starting in 1996, and for the first time since the start of the century—*exceeded* the amount given by foundations. At the same time, gifts to foundations were greater than bequest giving, a trend which indicates more giving to foundations by living individuals. The crossover point for this trend took place in 1995, and holds true today even despite the pullback in gifts to foundations between 1999 and 2000. Incredibly large gifts, such as the landmark total $15 billion given to the Bill and Melinda Gates Foundation in 1999 (by the founder) flowed from a rediscovered urge to give back, that itself was enabled by the dot-com/technology rush of the late 1990s. Faced with more funds to distribute, foundations themselves turned to larger grants, moving from 76 grants of $5 million or more (including four greater than $25 million) in 1997, to 169 (with 14 greater than $25 million) in 1999.

The Next Decade

Given this recent, rapid, and very impressive rise in philanthropy, what can anticipate for the near future? With so many variables—individual giving, foundation assets, tax laws, etc.—it is helpful to return to a consideration of all charitable giving. **Figure 4** shows the same 1976–2000 total charitable giving data that were shown earlier, and now these data have been projected forward ten years to 2010. The dashed projection line follows the simple average linear trend (ordinary least squares fit) of the last quarter century into the next decade, with the white columns representing the projected total giving amounts for each year from 2001 to 2010. Although the recession of 2001 will affect charitable giving in America, the exact results are as yet unknown. The apparent drop in giving between 2000 and 2001 shown in Figure 4 results from the above-average years 1998, 1999, and 2000; that difference does not represent actual recorded charitable giving in America, which will be reported by *Giving USA* later this year.

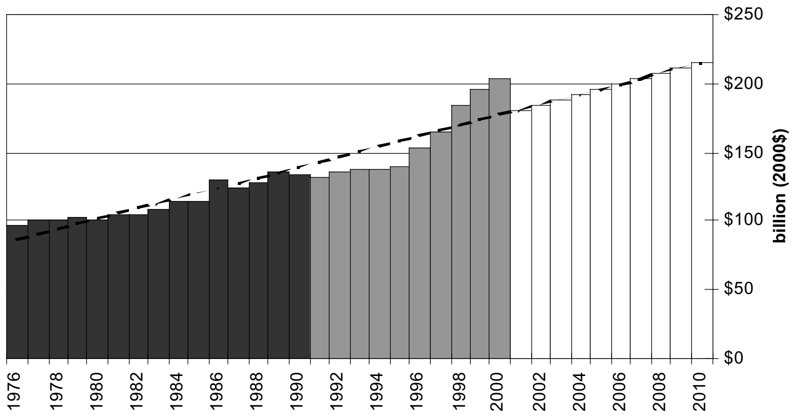
The important point to see in **Figure 4** is that the total area covered by the white columns, i.e., the projected *cumulative* total giving for the coming decade, is more than that of the last decade (as shown by the total area covered by the light gray columns). This basic projection puts total giving

[5] *Giving USA* statistics for 2000 register foundation giving—by *non*-corporate foundations only—of $24.5 billion. The Foundation Center records foundation giving, including corporate foundations, of $27.6 billion. The Foundation Center figures are used here to maintain consistency with the data on gifts to, and assets of, foundations.

during the coming decade at almost $2 trillion. All charitable giving from 1991 to 2000 totaled $1.6 trillion (all 10 gray columns), while all giving for the decade-*and-a-half* before that, i.e., 1976–1990, was $1.7 trillion (all 15 black columns). The distinction here is the same as the difference between adding 1 + 2 + 3 + 4 + 5, and adding 4 + 4 + 4 + 4 + 4: once a certain level has been attained, future totals will necessarily be more than the totals from the ascent. Realize too that these numbers are in constant 2000 dollars, so even though the future purchasing power is expressed correctly, the actual dollar amounts will be more than those shown here (so long as inflation continues). In other words, charitable giving will almost surely expand, perhaps more quickly than it already has. But the story doesn't end here.

Figure 4: Simple Linear Projection of Total Charitable Giving (in constant 2000$)

Source: 1976-2000 Giving USA; 2001-2010 Global Business Network



The Intergenerational Transfer

Before exploring meaningful questions about how philanthropy might respond as a field, or considering "what ifs" about individuals giving out of their net worth instead of their income,[6] there is a basic—and in many ways predetermined—factor that may significantly increase the conservative projections shown above. Of course this is the well-known "intergenerational transfer of wealth" and the probability that a part of this enormous amount of money will be channeled to charity as it passes from one generation of Americans to the next. In the midst of the tremendous growth in giving registered during the last decade, a pair of researchers—John Havens and Paul Schervish—predicted an onslaught of monies headed towards philanthropy, one which would move the scale of philanthropic giving from large to massive.[7] Their work built on—or rather responded to—similar research done ten years earlier by Robert Avery and Michael Rendall.[8] Avery and Rendall calculated that through 2040, the total wealth transfer between generations would amount to $10 trillion, a result that has been quoted often. For example, in the opening chapter of the illuminating book *Inside American Philanthropy*, Waldemar Nielson (writing in 1995) divides $10 trillion by 45 years to arrive at a figure of "about $225 billion a year in inheritances." He then asks: What if only 2 percent of this wealth were committed to philanthropy? However, Nielson does not take the next step, which would be to calculate that 2 percent of $225 billion is (just) $4.5 billion, an amount less than bequest

[6] See the "New Tithing" views and work of Claude Rosenberg, Jr. in the book *Wealthy and Wise*, or at www.newtithing.org

[7] Havens, John J. and Paul G. Schervish, 1999. "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy." Social Welfare Research Institute, Boston College. www.bc.edu/swri/

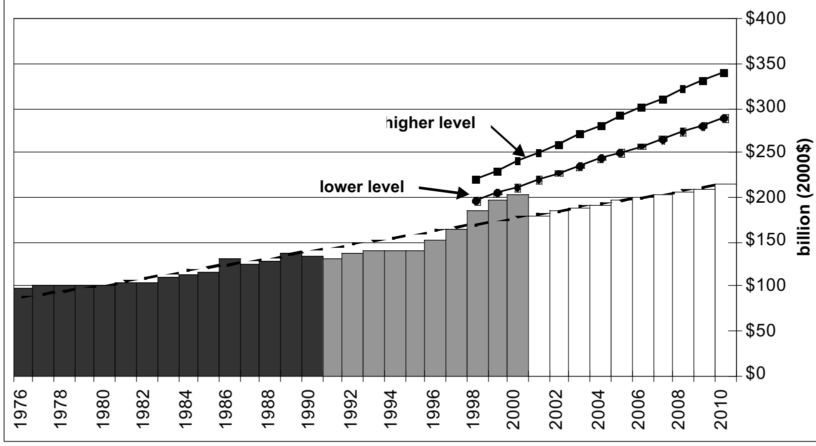
[8] Avery, Robert B. and Rendall, Michael S., 1990. "Estimating the Size and Distribution of the Baby Boomers' Prospective Inheritances." Department of Consumer Economics and Housing, Cornell University.

giving of every year shown in Figure 3. This is not to say that an *additional* $4.5 billion in bequests to charity would not have an impact—for it would be a 37 percent increase to bequest giving in 2000—but $4.5 billion is no where near as impressive a figure as $10 trillion (which is $10,000 billion).

Havens and Schervish (H&S) generate their estimates from a more complicated and sophisticated micro-simulation model, and they also provide lower, middle, and higher level estimates[9] over both 20- and 55-year time periods (starting from 1998). If the "take-away" figure from Avery and Rendall was $10 trillion, it is $41 trillion from Havens and Schervish. For perspective, the entire U.S. Gross Domestic Product in 2000 was $10 trillion. As incredibly huge as $41 trillion sounds, this is only the authors' *lower* level estimate; the middle level figure is $73 trillion, and the higher level a truly incomprehensible $136 trillion. These are all even more eye-popping than $10 trillion, but again, we must realize that this is the estimated *total* value of estates passed from one generation to the next over 55 years (from 1998 through 2052). Havens and Schervish's estimates can be more easily understood by first restricting ourselves to their 20-year estimates—$11.6, $14.2, and $17.5 trillion, respectively—and second by focusing on the portion that the authors project will be bequested to charity.

Based upon their other empirical research, H&S apply a graduated scale of giving by bequest to estate values such that larger estates bequest more to charity than smaller estates.[10] The authors then arrive at a cumulative total bequested to charity between 1998 and 2017: $1.7 trillion for the lower level estimate, $2.2 trillion for the middle, and $2.7 trillion for the higher. Assuming that the transfer of wealth is an ongoing phenomenon, then whatever levels of it have been going on must already be included in the historical data on total charitable giving. Therefore, in order to include the effects of H&S's *impending* intergenerational transfer of wealth in the projected totals of charitable giving, the normally projected bequest trend—which is already embedded in the projected total trend—must first be removed from the projected totals. Then the H&S bequest-to-charity numbers can be added in. The results from these two steps

Figure 5: Projected Total Giving (in constant 2000$), with H&S Intergenerational Transfer Estimates
Sources: Giving USA; Havens and Schervish, 1999; Global Business Network



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[9] Levels vary by three key parameters: general economic growth rate, saving as a percent of wealth, and dissaving (spending) as a percent of wealth. For the lower level estimates, general growth rate is 2 percent; people save little when young, and spend a lot when older. For the middle level, general growth rate is 3 percent; people save some when young, and spend some when older. For the higher level estimates, general growth rate is 4 percent; people save a lot when young, and spend little when older.

[10] In all three estimates, Havens and Schervish assume 5 percent to 9 percent of assets of estates valued at less than $5 million go to charity through bequests; the figure used for estates valued between $5 million and $20 million is 15 percent or 16 percent, and 41 percent for estates worth more than $20 million. See Table 4 of "Millionaires and the Millennium."

are shown in **Figure 5**: two lines now trace the projected amounts of total charitable giving *with* the lower and higher level H&S estimates of the intergenerational transfer.[11]

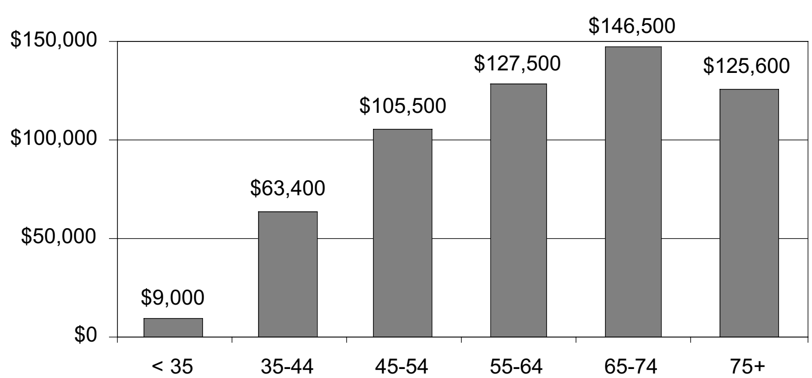
Taking the inter-generational transfer of wealth into account this way reveals an impressive—and daunting—future for the field of philanthropy. All other things being equal, i.e., trends in individual, foundation, and corporate giving, the lower level estimate of the effect of this transfer puts total charitable giving at $288 billion in 2010; the higher level estimate raises it to $311 billion in 2010, an amount that would be more than a 50 percent increase over the $203 billion given to charity in 2000. If we think about the upcoming decade as a whole, i.e., the sum of all ten years 2001–2010, then the cumulative total higher level estimate flowing into charity would be, amazingly, almost $3 trillion, a figure which nearly doubles the $1.6 billion given to charity during the last decade (1991–2000).

Such staggering numbers seem unbelievable. Some may ask, Why this particular intergenerational transfer? People die every year, so why are these next years so special? Two reasons: slow accumulation over time, and the inevitability of demography. Short of civilization calamities such as war, wealth generally grows from one generation to the next (so long as each one does not spend absolutely everything). Think of a faucet dripping into a cup. Each drip may be small, but at some point the water overflows, especially when each drip is bigger than the last. So although transfers of wealth increase slowly between generations, by the time many have passed, the cup is quite full.

The two oldest generations today are known as the Civic (born 1905–1929) and the Swing (born 1930–1945). They are America's tenth and eleventh generations. Both participated in record-breaking decades of economic expansion and positive returns on investment, even despite the Great Depression. Data from the Federal Reserve Board's 1998 Survey of Consumer Finances are shown in **Figure 6**, reproduced from *American Generations*.[12] Net worth increases with age, and people between the ages of 65 and 74 have the highest median net worth while people in the age groups 55–64 and 75 or older basically tie for the second highest median net worth. Hence the people with the highest net worth are also the people who will be dying—and bequesting parts of their estates—the soonest.

Figure 6: Median Net Worth of Households, by Age of Householder, 1998

Source: Federal Reserve Board 1998 Survey of Consumer Finance
Reproduced from American Generations, 3rd Edition, New Strategist Publications Inc.



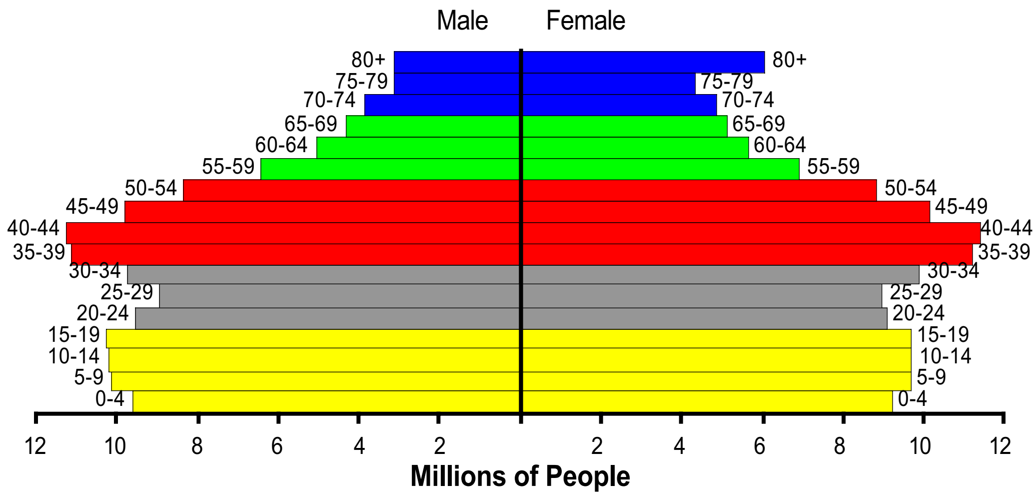
[11] For visual clarity, the middle level is not included here. Note that the vertical axis scale has changed from Figure 4 to accommodate the higher projections.
[12] Mitchell, Susan, 2000. *American Generations, 3rd edition.* New York: New Strategist Publications, Inc. p.442.

To make this point more clear, look at the U.S. population pyramid for the year 2000 in **Figure 7**. Starting with the oldest ages, the generations are: Civic (70–80+), Swing (55–70), Baby Boomers (35–54), Generation-X (20–34), and the Millenials (0–19).[13] In ten years, each generation will have moved up the pyramid by two age groups. For example, the upper two age-bands of the Civic generation will be gone,[14] and two new bands—the next generation—will have appeared at the base. By 2020, the lower two bands of the Swing generation (55–64 in 2000) will be at the top, and the peak of the Baby Boomers (age 40–44 in 2000) will be retiring. Thus the coming intergenerational transfer of wealth is pre-determined, a certainty—generations will pass on. The order of magnitude is also fairly clear, as explained earlier. Where it all will go is less certain.

Generation	Years Born	Age in 2000
Civic / WWII	1905–1929	70–95
Swing / Silent	1930–1945	55–69
Baby Boomers	1946–1964	35–54
Gen-X / 13th	1965–1979	20–34
Millenials / Echo	1980–1999	0–19

Figure 7: United States in 2000, with 276 million people

Source: U.S. Census Bureau

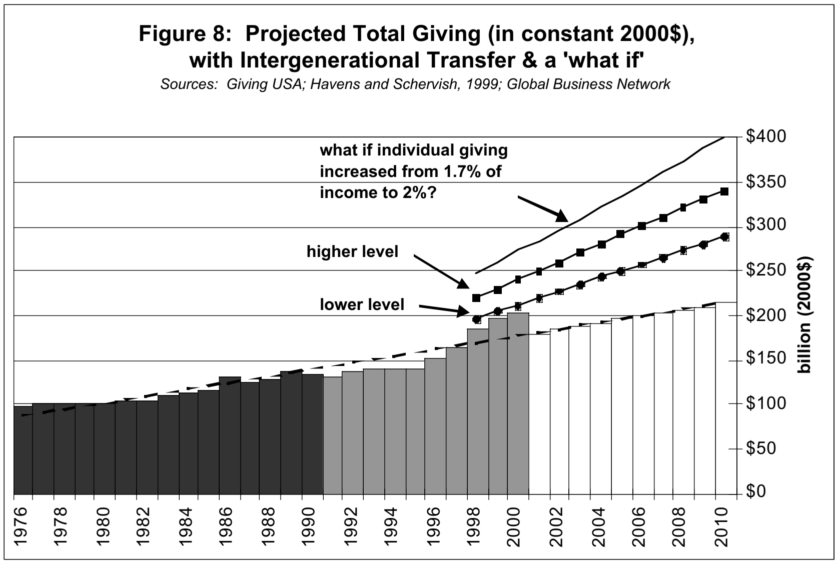


A Few "What Ifs"

Up to this point, we have looked at a continuation of historic trends, and we've also brought the intergenerational transfer of wealth to bear on the future of charitable giving. But what if some of the underlying trends deviate from their historic patterns? For example, what if living individuals increased their giving just a little? What if, in addition to giving through bequests, heirs of the largest intergenerational transfer of wealth in American history choose to give some of their inheritance away? What if general economic growth turns out to exceed the 4 percent assumption used in Havens and Schervish's *higher* level estimates? What if some of today's billionaires decide to embrace

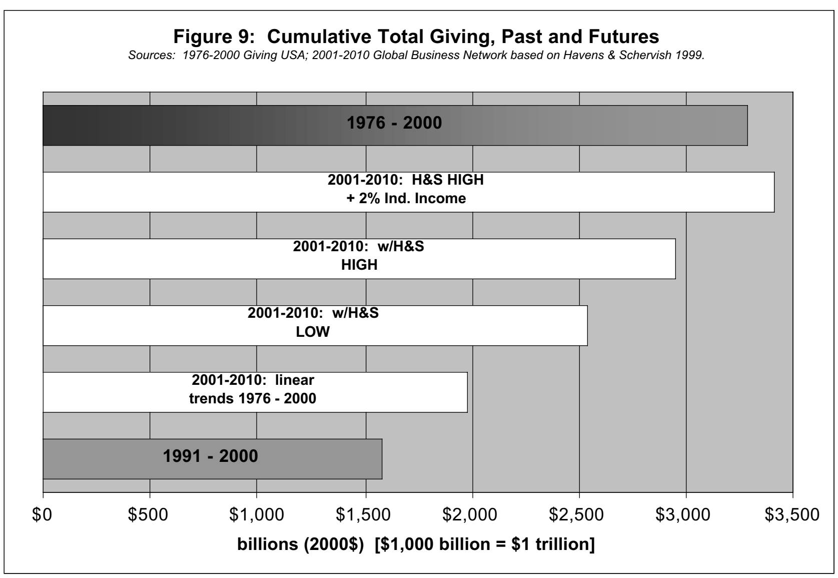
[13] Determining exact divisions between—and names of—generations is always a subjective undertaking. Those used here were arrived at through the author's judgement and the examination of many sources in the relevant literature.
[14] Of course not every member of each age group passes away after age 80, but death rates increase greatly after age 75. See National Center for Health Statistics (www.cdc.gov/nchs).

philanthropy as Carnegie did at the start of the last century? What if several—or all—of these possibilities happen concurrently?



The effects of one such "what if" are shown in **Figure 8**: What if individual giving increased from the historic average of 1.7 percent of income to 2 percent?[15] Total charitable giving would increase to more than $400 billion in 2010, an amount that is almost $200 billion more than that projected along the historic trendline. Not only would individual giving to charities increase, but the amount going to foundations would also likely increase. This would, in turn, raise foundation giving to over $50 billion in 2010 (from assets of nearly $1 trillion). Recall that these effects are arrived at while holding general economic growth to only 4 percent. A "what if" involving more robust economic growth would add even more to these numbers.

Taking the cumulative perspective, that is, comparing total giving summed over the years considered, reveals the longer-term impact of such yearly changes on the magnitude of giving. **Figure 9** highlights the fact that when the intergenerational transfer is taken into account, and just one historic trend (individual giving) slightly increased, then total charitable giving in the next *decade* could surpass that of the entire last *quarter-of-a-century*. (Compare the two-tone gray bar labeled "1976–2000" with the white bar "2001–2010: H&S high + 2% Ind. Income".) So with only small changes in a few aspects of giving, huge increases in the sheer scale of



[15] The historic high is 2.7% of personal income in 1963, as cited from *Historical Statistics of the United States* by Colin Burke in "Nonprofit History's New Numbers (and the Need for More)", *Nonprofit and Voluntary Sector Quarterly*, Vol. 30, No. 2, June 2001. Robert Putnam shows a historic high of 2.3% of national income, also in 1963, in Chapter 7 of his book *Bowling Alone*.

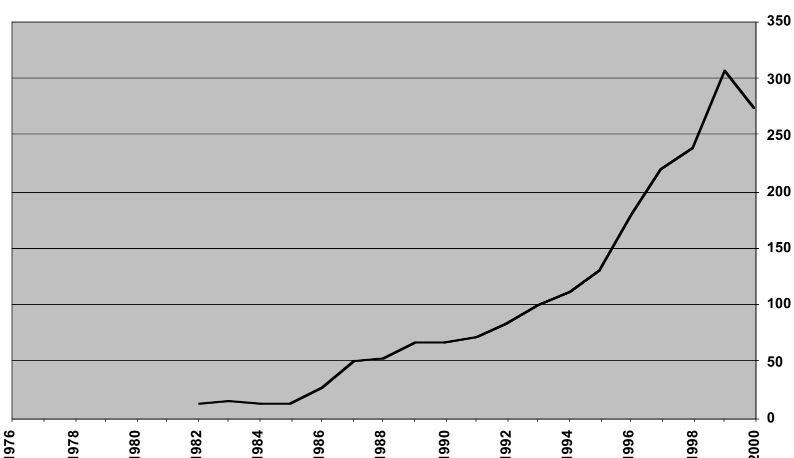
philanthropic wealth could certainly take place in the next decade. Even with little or no change, charitable giving in the next decade will still be more than in the last. (Compare the gray bar "1991–2000" and the white bar "2001–2010: linear trends 1976–2000".) On the other hand, for giving to contract, a nearly unprecedented amount of consistent downward changes would have to occur, such as sustained year-over-year negative returns on investment.

Another "what if" turns more on the number of estates that will be inherited than on the dollar amount of the intergenerational transfer. Between 2001 and 2010, according to Havens and Schervish's higher level estimates, there will be 1.2 million estates with values between $1 million and $10 million passed from parents to their children, over 50,000 estates with values between $10 million and $20 million, and over 35,000 estates with values greater than $20 million. Of course some portion of these estates will go to taxes and fees, and we've already seen that another very significant portion will likely go to charity. The rest, however, will be inherited by heirs, who will find themselves—seemingly suddenly—controlling the bulk of their parents' estates. What will they choose to do with their money? Their parents will have already bequested to charity, so the heirs might decide to keep it until their own death. Or they might think it worthwhile to give some away while they are alive, either adding to their parents' efforts or finding other causes.

Let's say those heirs whose parents had estate values between $1 million and $10 million give away 2 percent, those whose parents had estate values between $10 million and $20 million give away 10 percent, and those whose parents had estate values of $20 million or more give away 20 percent. In this case, using Havens and Schervish's higher level estimates, an additional $143 billion would flow into philanthropy between 2001 and 2010. With the middle level, this "what if" would result in an additional $112 billion to philanthropy, and even the lower level estimates imply an additional $90 billion. Compared to the projected cumulative giving totals for the next decade, this might not seem like much, but $100 billion more in giving—even spread over a decade—can be quite a lot, as we'll see below.

Figure 10: Number of (U.S.-Citizen) Billionaires

Source: Forbes 400 (as determined each October)



Then there are those individuals who are much better off than even the very rich. These are the billionaires. There are quite a few in the U.S., even after the dot-com crash. **Figure 10** shows the increase in their numbers from 1982 through 2000.[16] Most of these people already give to charity, and some are heavily involved, even making headline-grabbing gifts. As a group, the 274 American billionaires in 2000 cited by Forbes magazine had a

[16] *Forbes* data for 2001 put the number of American billionaires at 236, but this point is not included in Figure 10 so as to maintain time-frame comparability throughout this paper.

combined net worth of $1.1 trillion. What if many in this exclusive group decided to collectively source another $100 billion to charity? What would it take? One way would be for each of them to use 9 percent of their net worth for philanthropic purposes. Another would be for the wealthiest 100—who were each worth at least $2.5 billion—to give 12 percent of their net worth to charity. And if those who were worth at least $5 billion set aside 16 percent of their net worth, they could raise $100 billion.

One Hundred Billion Dollars

Throughout this paper, the sums of money bandied about range from the immense to the unimaginable. At a personal level, it's really difficult to intuitively understand large numbers, particularly large sums of money. Most of us grasp the difference between $10 and $100 and $1,000, and probably $10,000, and maybe $100,000. Beyond that—say $1,000,000 or $100,000,000—the tie to reality becomes quite slippery. And we're not yet to the billion dollar mark, let alone the hundreds of billions of dollars level.

We've seen that including Havens and Schervish's estimates of intergenerational wealth transfer in projections of total charitable giving in the U.S. will likely provide an annual boost of between $75 and $125 billion by 2010. If we think about other changes in the philanthropic system also taking place, for example individuals increasing the percent of income they give, then the difference could easily be an additional $200 billion—above what history would project—flowing into charity in 2010 alone. Even small yearly effects create an impact over the entire ten year period: if the generations at the receiving end of the intergenerational transfer decide to give some of their inheritance directly to charity, i.e., in addition to the bequests from their parents, they could infuse the American philanthropic system with another $90 to $143 billion between 2001 and 2010.

Considering the ranges of these estimates, the figure of $100 billion resonates nicely—rounded yet realistic. The words "a hundred billion dollars" even seem to roll off the tongue too. $100,000,000,000. What does that mean anyway? What could be done with $100 billion?

Let's begin with Andrew Carnegie's lifetime gifts to libraries: an estimated $974 million (controlled for inflation), which might easily be rounded up to an even $1 billion in 2000.[17] So an increase of $100 billion, spread over the coming decade, would be similar to having a hundred Andrew Carnegies carrying out their own free library programs—except they'd be doing it in 10 years rather than the 37 years that Carnegie's library giving spanned (1881–1917). But of course philanthropic funding won't just be the province of a hundred people, nor will it be concentrated in just a few heroic acts and individuals. Rather, it'll be distributed across hundreds of thousands of people and tens of thousands of foundations. And it won't be spread across the decade. By 2010, it'll be compressed into just *one* year. Imagine the intensity of this emergent system with all of these people and all of these foundations and all of these resources.

The figure of 100 is nicely divided by 25. If we were to parse one hundred billion dollars into grants of $25 million, how many would we have? Watch the zeros: 400. In 1999, foundations gave a total of

[17] Carnegie's lifetime total philanthropic giving was much more, over $6 billion, again in 2000 dollars.

14 grants of $25 million or more—the most ever. These 14 grants totaled $514 million, so obviously some of them were larger than $25 million. In any case, their total of $514 million is just one-half of one percent of one hundred billion dollars. What could be done with the other 99.5 percent?

The United Nations recently formalized the Millennium Development Goals as a way to synthesize the goals agreed upon at various international conferences and world summits during the 1990s. These goals—all to be achieved by 2015—include halving extreme poverty and hunger, attaining universal primary education, promoting gender equality, reducing under-five mortality by two-thirds, reducing maternal mortality by three-quarters, reversing the spread of HIV/AIDS, malaria and TB, ensuring environmental sustainability, and developing a global partnership for development, with targets for aid, trade and debt relief.[18] The consensus estimates for what it would cost to attain these goals is $50 billion per year, which would be in addition to the $50 billion currently spent on development aid. In other words, $100 billion dollars is the annual cost of reaching the Millennium Development Goals. Embedded in the UN's $50 billion price tag are some specific components: HIV/AIDS treatment and prevention for a year at $7 billion, achieving universal primary education for both boys and girls for $12 billion, and $4 billion to provide basic water, electricity, and sanitation infrastructure for 100 million people living in the world's worst slums. Of course ten years from now there will be more people and more problems, but the power of what $100 billion can accomplish is evident, even at the global level.

On the other hand, compared with the total expenditures by the U.S. federal government—$1.75 trillion ($1,750 billion) in 1999—a hundred billion dollars is not much, in fact just 5.7 percent. From this perspective, $100 billion is small. However money is almost never given in "billion dollar" chunks. Instead, it moves in much smaller pieces, going to universities and churches and community centers and specific events. Yet all of the individual pieces add up, pooling into very substantial amounts.

Just as water can flow through a field and wash away soil and seeds, so too can it be planned for, channeled in innovative ways, and used to nurture and grow amazing gardens. How will the philanthropic sector prepare—and productively use—it's own coming flood of resources? What questions does this issue (and this paper) raise for you? Let us know, and we'll keep doing this research, together.

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[18] See www.undp.org/mdg for more details.