The Growth of Donor Control: Revisiting the Social Relations of Philanthropy

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Building on an earlier social relations conceptualization of philanthropy as a two-way, mutual, interactive relationship between donors and recipient groups, this article explores the current growth of donor control. Arguing that philanthropy has moved in the opposite direction from what a social relations theory posited, the article identifies and examines organizational forms that provide donors today with opportunities for increased control by creating new relationships of (a) donor exclusivity (donor networks, giving circles), (b) donor intermediaries between donors and philanthropic advisors and providers of other services including donor-advised funds, and (c) donor oversight between "social investors" and their nonprofit "partners" in high-engagement philanthropy. These categories emerged from a critical review of recent literature. The article concludes with an explanation for increased donor control that is then applied to suggest how to elevate the influence of recipient groups over charitable gifts and bring greater balance into the social relationship between donor and recipient groups.

Keywords: *donor; recipient; philanthropy; social relations*

More than 15 years ago, a coauthor and I put forth a social relations theory of philanthropy conceptualizing philanthropy as a two-way, interactive relationship between donors and recipients (Ostrander & Schervish, 1990). Although our notion of philanthropy was as an interactive relationship where both donor and recipient group "give and get," relational theories as sociologists think of them are not only about interaction between parties. Such theories attend to the "positionality" or social location of different actors "in relation to" one another and—of special importance to this article—to the consequences of this positionality for dimensions of power and control over resources, in this case, private philanthropic resources aimed at providing for the public good.

This article explores the current growth and apparent widespread acceptance of donor-controlled philanthropy using a social relations approach. The article identifies and subjects to critical examination three relatively new

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forms of philanthropic relationships that I argue provide an organizational framework for today's donor-controlled philanthropy. These are relationships of (a) donor exclusivity among donors, (b) donor intermediaries between donors and a new and growing industry of philanthropic advisors, and (c) donor oversight between donors called "social investors" and recipient organizations called "investment partners." I use as evidence a growing body of practitioner-based literature authored largely by professional philanthropic advisors, consultants, and thought leaders—some of whom are critical of heightened donor control, but many of whom advocate it. Although it is widely available, scholars have not subjected this literature to critical analysis as I do here.

Whatever form the philanthropic relationship takes, it is, of course, donors who control the supply of funds and who therefore inevitably seem to have relatively more power than recipients who express demands for those funds. Variation does, however, occur in how much and what kinds of power donors have over where their resources will go and how they will be used. Variation also occurs in how much and what kinds of opportunities recipient groups have to exercise agency and influence over these same resources. I have previously argued based on ethnographic case studies of two social justice foundations that "the typically asymmetrical and nonreciprocal . . . social relations of philanthropy where grantees seek support from funders who have largely unmitigated power to give or withhold it" (Ostrander, 2004, p. 29; see also Ostrander, 1995) has in some cases been socially reorganized to create a more balanced power arrangement between donor and recipient or grantee. Two coauthors and I have developed a continuum of donor-grantee relationships tipped toward the grantee side in terms of influence. Based on multiple case studies, we document philanthropic practices in four different funding contexts where (a) grantees actually control funding decisions, (b) grantees and donors collaborate, (c) recipient groups are represented by program officers or other philanthropic advisors, and (d) recipient groups actively dialogue and negotiate with funders to obtain support for what recipients define as most important (Ostrander, Silver, & McCarthy, 2005). The significance of this earlier research for the current article is to show that donors do not always or inevitably dictate the specific terms and use of their gifts. It suggests that when donors do so, it is an active choice among other options available to them—a choice that occurs in a socially constructed organizational context that favors some choices over others. Recipient groups are, of course, never completely powerless in philanthropic relationships because they can choose to accept or decline the offered gift. Though their choices are limited given fund scarcity, this is the main way that recipient groups can set some limits on donor control.

There are at least three reasons to be concerned about control over philanthropic resources' having tipped so far in the direction of wealthy donors.

They have to do with public benefit, democracy, and philanthropic effectiveness. First, the raison d'être for philanthropic behavior must lie in the public benefit it provides. The tax structure recognizes and legitimates this fact by making charitable donations tax deductible and recipient organizations tax exempt. The public benefit imperative logically implies that the needs and concerns of the clientele, constituencies, and beneficiaries of recipient groups be held to as the main priority for support. Although it is true that the private interests of wealthy donors may sometimes be consistent with public need, my argument here is that today's forms of philanthropic relationships offered to donors—however well intentioned and well motivated—make that less and less likely. This is the basis of my concern that donor control threatens to undermine the public benefits of charitable gifts.

The second reason to be concerned about increased control by wealthy donors is because it undermines the vitally important contributions that philanthropy and nonprofits can make in providing opportunities for democratic forms of civic engagement. The antidemocratic and inherently elitist tendency of philanthropy has long been a concern. More than a century ago, Jane Addams decried the "charitable relation" as in fundamental contradiction with a democratic society because it enables benefactors to give in accordance with their own interests without the involvement of recipients (Addams, 1902/1964). Contemporary leading scholar Lester Salamon has similarly cautioned against "philanthropic paternalism" whereby wealthy donors "can determine what the [nonprofit] sector does and whom it serves," creating what he calls an "undemocratic" situation giving beneficiaries "no say over the resources that are spent on their behalf" (Salamon, 1995, p. 47). New organizational forms, which further increase the already-disproportionate amount of influence of wealthy donors, simply add to problems of philanthropy and democracy.

Finally, a perhaps more immediately practical reason to be concerned about increased donor control is the damaging loss of discretionary judgment by nonprofit recipients. When donors are encouraged and enabled in giving more and more specific directives about their gifts, then recipients have less and less to say about how best to use these needed resources. The valuable on-the-ground knowledge that recipient groups have to offer is diminished or entirely lost and along with it the opportunity for that knowledge to enhance philanthropy's effectiveness in dealing with social issues and social need.

In our 1990 paper outlining a social relations theory of philanthropy, my coauthor and I conceived of philanthropy as a social relationship where donors and grantees engage together in commonly identified and jointly created projects of shared interest. This notion sought to elevate the position of recipients and "provide practical guidelines toward empowering recipient groups" aimed toward increasing "the influence, bargaining power, and choices of strategies available to recipients in their relation with donors and potential donors" (Ostrander & Schervish, 1990, p. 74). We argued that this makes for "a better match between the resources and needs of donors, and the resources and needs of recipients" and creates a "philanthropy that is more responsive to social need" (p. 68) compared to one where donors have sole authority over the use of philanthropic resources. A social relations framework rests also on a claim fundamental to the sustaining of all relationships, namely that both parties receive benefits. In a philanthropic relationship formed according to this framework, donors and recipient groups have "resources to give as well as needs to be met. . . . In other words, donors and recipients both give and get in the social relation that is philanthropy" (p. 93).

In the more than 15 years since we posed this way of thinking, philanthropy has almost entirely moved in the opposite direction. Trends have further and further shifted to the supply side, raising donor influence and directly running counter to a mutual and reciprocal framework between donors and recipient groups. Despite the now nearly ubiquitous language of partnership and collaboration, philanthropy has steadily moved to a relationship controlled more and more by donors. The enormous growth of donor-advised funds, the rise in services specifically oriented around the needs and interests of donors, a rapidly growing industry of financial and philanthropic advisors who urge donors to focus on their personal reasons for giving, the emergence of giving circles when they are made up entirely of donors, and various forms of venture and entrepreneurial philanthropy where donors are closely involved in highly directive ways in the organizations they support—all of these are part of the trend toward increasing the prominence and authority of wealthy donors in philanthropy.

The next section of this article addresses the question of whether today's donor-controlled philanthropy is really new, showing how the current donor control differs from an earlier form of philanthropy that was simply donor led or donor centered. Then, in the main body of the article, I conceptualize the relationships that express and provide the organizational framework for today's donor control. I then offer an explanation for why the growth of donor control has occurred using a social relations framework, and, finally, I apply this explanation to suggestions for elevating recipient influence and rebalancing the social relationship between donor and recipient.

My main focus here is on individual, wealthy donors for the very simple reason that it is those donors who dominate charitable giving and who are rapidly increasing in the United States both in numbers and in the amount and portion of wealth they own and that is available for philanthropic giving. Recent figures show that wealth has become very concentrated in the United States, outpacing comparable nations and rising to unprecedented levels, with the top 1% of the population now owning more than 40% of wealth, a figure that has doubled during two decades (Keister, 2000, p. 66; Marger, 2005, p. 71). The top 1% (in income terms) contributes one third of total charitable dollars (Schervish & Havens, 2001, p. 10). Since 1985, there has been a fivefold increase (controlled for inflation) in the number of households in the United States earning more than $1 million, and it is estimated that those households will in coming decades provide approximately one half to two thirds of charitable giving (Schervish, 2006, p. 487). Although not as large as what is now the main source of nonprofit support today, fees for service, private contributions continue to provide large revenues for various kinds of public charities (Boris & Steuerle, 2006, p. 76) that would be extremely difficult if not impossible to replace. This suggests that the relative power of a small number of very wealthy donors to determine the use of private resources is of critical importance.

IS THE NEW DONOR CONTROL REALLY NEW?

Although the principle that the donor has authority over his or her gift is widely agreed on and codified in tax law, agreement is widespread that donors today have a level of control over the use of their charitable contributions far beyond what is required by this right to designate. A recent article in *The Chronicle of Philanthropy* reminds us that the IRS has the legal authority to curtail donor control:

> By law, donor control can only go so far. The Internal Revenue Service . . . may decide to eliminate a donor's charitable income-tax deduction if the IRS decides that a donor is exerting too much influence over how a gift is spent. (Blum, 2002, p. 11)

The trend toward donor control is widely acknowledged (though rarely studied or openly discussed). Evidence includes several articles during the past few years in the *Chronicle*. A 2002 article quotes a community foundation president concerned about this "trend of donors wanting more involvement in their giving and more control over where their money is going" (Greene, 2002, p. 22). Another 2002 piece worries about how "the trend toward more donor control raises tricky questions about money and influence" and goes on to say how difficult it is to research this trend because nonprofit recipients will not openly talk about it because they "worry about offending their benefactors" (Blum, 2002, p. 11). A 2003 *Chronicle* article expresses concern about "entrepreneurial donors . . . who are used to running things" and who "want to control every part of their philanthropy, sometimes to the detriment of a charity" (Hall, 2003, p. 12).

The present trend toward heightened donor control appears to have begun in the early 1990s and rapidly increased in the mid-1990s. Although there is, of course, nothing new about donors' placing conditions on charitable gifts, the kind of donor control that I describe here is, I argue, now being expressed in new and different forms through new and different relationships. What I am calling here *donor-controlled philanthropy* is positioned further along a continuum of heightened donor control compared to what might be called the donor-centered philanthropy that dominated philanthropy up until the mid to late 1990s (Ostrander & Schervish, 1990). In donor-centered philanthropy, the prospective donor typically responds to appeals for gifts through a process of donor cultivation by a professional fund-raiser. The appeal is constructed by nonprofits on their carefully researched assessment of donor interests and concerns.

Donor-centered appeals often emphasize potential benefits or opportunities to the donor such as the personal satisfaction of "making a difference," the chance to be recognized by individuals and organizations whose judgments matter to the donor, opportunities to deepen or maintain connections and networks of value, and privileges such as special access to powerful and/or high-status persons, events, or venues. Gift seekers typically develop these donor-centered appeals on extensive study and record keeping about wealthy individuals, called "donor prospecting." Data about particular interests, associations, concerns, important life events, activities, and so on are organized into individual donor profiles that are then regularly scrutinized, updated, and documented in detailed confidential donor files. Fund-raisers use these files to strategically target the most likely prospects, to apply well-honed methods of donor cultivation and relationship building, and to eventually "make the ask." Fund-raising parlance consistent with a donor-centered approach often eschews the term *gift* for the preferred *good investment*. Critical questions about the growing and widespread use of the term *investment* as a way to appeal to donors based on a concern that such language implies that donors should expect and receive some tangible "return on investment" have fallen on deaf ears (Kelly, 1991, 1998).

Today's donor-controlled philanthropy contains some of these characteristics of donor-centered philanthropy. In both, the takeoff point is what the donor is most interested in or concerned or "passionate" about. Donors may bring their own "philanthropic agendas" to their giving, and these typically unstated agendas probably have more to do with "personal considerations" than with social or political commitments (Ostrower, 1995, pp. 131, 113). Such considerations may include family traditions of giving to certain organizations (which may have been founded by an ancestor) and giving because one is asked to do so by members of one's social or professional or business networks (Odendahl, 1990; Ostrander, 1984; Ostrower, 1995).

Another important shared characteristic of both the older donor-centered and the new donor-controlled philanthropy is that in some of the new forms and the older ones, there is little or no opportunity for donors to benefit from or interact with recipient groups. This presents a problem because these groups have specialized knowledge and understanding about the issues the gift aims to address, knowledge that could improve the chances of the gift's having a positive effect. Although research has shown that there is considerable variation in donor-recipient interactions depending on how the relationship is constructed (Ostrander, 1995; Ostrander et al., 2005; Silver, 2006), the exclusion of recipient groups from decisions about where the money goes is well established as a defining feature of private philanthropy. As I will discuss, one of the new forms of donor-controlled philanthropy actually emphasizes a heightened form of donor-recipient interaction and engagement. This reflects a change compared to traditional philanthropy where donors tend to be less directly engaged.

Most important for this article are the differences between donor-centered and donor-directed philanthropy. In the new donor-controlled philanthropy, the donor is not simply a receptor of appeals that center on his or her own largely personal interests or concerns. Instead, the new donor actively and intentionally determines what he or she is most interested in supporting and then sets out to create a new philanthropic project or to influence a new direction for some existing project. Although the new donor may privately choose to consult a philanthropic advisor, he or she does this independently, outside the context of being cultivated and solicited by a fund-raiser seeking support for a particular recipient organization.

The term *social entrepreneur* is now often used as a substitute for the term *philanthropist*, and it typifies the authoritative and directive stance of high donor control where donors develop and carry out their own personal social visions through their philanthropy. The entrepreneurial donor adopts the can-do spirit of the for-profit innovator, often not only establishing a new venture but also playing a highly engaged and directive role in the governance and management of that venture. Although certainly not all self-designated social entrepreneurs run roughshod over recipient interests and concerns, clearly this language—derived from corporate success stories—belies the kind of mutual and reciprocal relationship organized around the shared interests and concerns of recipient groups suggested by a social relations theory of philanthropy.

NEW SOCIAL RELATIONSHIPS IN TODAY'S DONOR-CONTROLLED PHILANTHROPY

Today's donor-controlled philanthropy is both creating and being created by a set of relatively new kinds of philanthropic relationships. These relationships, I argue, provide an organizational framework for donor control. They appear in three major forms that have been widely described but not previously theorized in the practitioner literature on philanthropy and fund-raising. I call these three forms donor exclusive, donor intermediary, and donor oversight.

The first two new relational forms, donor exclusive and donor intermediary, are characterized by little or no direct interaction, dialogue, or on-going connection between donor and grantee. In what seems at first glance contradictory, these often increase the distance between donors and recipient groups at the same time as they provide donors with opportunities to exercise closer control over how these groups use their money. Instead, these forms develop and strengthen relationships (a) among wealthy donors, including various kinds of donor networks and giving circles, and (b) between donors and philanthropic advisors and intermediaries of one sort or another, who provide donor education and donor services focused on the personal interests of donors and offer opportunities to establish donor-advised funds.

In the third new relationship form that I call donor oversight, donors and recipient groups are brought closer together, providing donors with the opportunity to exercise direct, hands-on control. Donors are urged to call themselves social investors and to refer to the organizations they support (and often actively create) as investment partners. The kind of partnership I am most interested in here is one where the investors regularly and directly interact with their partners in an authorial and directive stance that characterizes donor control.

DONOR EXCLUSIVITY: DONOR NETWORKS AND GIVING CIRCLES

Giving circles represent a new philanthropic practice that is changing philanthropy (Eikenberry, 2006, p. 523). The growing number of donor networks and giving circles includes the large and far-reaching group Social Venture Partners, which grew out of the technology industry in Seattle in 1997, the Women's Donor Network, the Jewish Funders Network, Social Ventures Network, Resource Generation (young donors), and the Environmental Funders Network (Seigel & Yancey, 2003, p. 30). Giving circles may emerge from these networks or may be independently established. A recent study of giving circles estimates that at least 400 to 600 giving circles exist nationwide (Rutnik & Bearman, 2005, p. 5).

Giving-circle donors often pool their resources and together decide how to allocate funds (Rutnik & Bearman, 2005). Circle members, often women, come together on a regular basis to discuss their giving and share knowledge. These practices have led some to celebrate giving circles as a more democratic form of philanthropy. This claim of democracy rests on giving circles that make their giving decisions through various kinds of collective processes, even voting, rather than privately and individually making decisions (Eikenberry, 2003, p. 11; Jonsson, 2004). This democracy, however, rarely includes the other major party to the philanthropic relationship: potential or existing grantees, recipients, or beneficiaries or anyone who might speak for or about them with wealthy donors. Paths for recipient groups to gain access to giving circles are generally nonexistent. Some donor circles invite potential or current recipient groups to report about their activities and use of the gift and people knowledgeable about the issues of most interest to circle members to provide information. Indeed, this kind of learning appears to be a central aspect of giving circles and can provide information about recipients and their needs that would otherwise be lacking.

These outside parties, however, do not become part of the decision making. One giving circle reportedly prides itself on doing its own "scouring" of the local community for "worthwhile endeavors." Although some do accept proposals, in a quite typical practice, this circle refuses to accept applications initiated by grantees. A circle member reportedly said, "Our women . . . are searching for the right program, and if you've got it, I'm sure they'll find it" (Jonsson, 2004, p. 1).

Research thus far concludes that the major benefits to giving circles are social and educational for donors (Eikenberry, 2006, p. 521). Members of giving circles report increased "joy and satisfaction" from their giving and learning about and practicing a "personal form of philanthropy" (Rutnik & Bearman, 2005, p. 21). A claim for giving circles is that they result in more money being leveraged because circle members may challenge one another to increase their level of giving. Another touted benefit is that the collective wisdom of a group of donors committed to increasing both the amount and the positive impact of their giving may result in a more effective philanthropy. Neither of these claims have to date been tested.

Of the three new organizational forms I discuss here, giving circles may not hold the greatest appeal for top wealthy donors because these donors have enough resources to pay for the growing number of private advisory services that I discuss below (or to take advantage of the long-existing opportunity to set up their own foundation). When, however, wealthy donors do establish giving circles and when those circles institute practices that fail—as apparently virtually all do—to regularly include as participants in their funding decisions people from nonprofit recipient groups or people who might speak on their behalf, then my argument that this practice provides a basis today's donor control applies.

DONOR INTERMEDIARIES: PHILANTHROPIC ADVISORS AND OTHER PROVIDERS OF DONOR EDUCATION, DONOR SERVICES, AND DONOR-ADVISED FUNDS

The second set of relatively new kinds of philanthropic relationships that I contend facilitates donor-controlled philanthropy is the increased use of philanthropic advisors who offer various services and educational opportunities that begin first and foremost with donors' personal values, interests, and concerns. Wealthy philanthropists have, of course, long used advisors of one sort or another. However, in recent years this is happening on a much larger scale, rising to the level of a whole new industry, with for-profit companies whose product for sale to wealthy clients is advice about their charitable giving (Panepento, 2006). Current estimates predict a major growth industry with a huge market of donors still not being reached and fees for donor services high (Seigel & Yancey, 2003, pp. 40, 54). The growth of this industry in the past decade seems driven by economic incentives. Especially the commercial firms "see philanthropy as an important new market of services and assets to capture and as a way to support the expressed service needs of their clients" (Seigel & Yancey, 2003, p. 61).

Examples of noncommercial philanthropic advisors include The Philanthropic Initiative (TPI) in Boston, a pioneer and leader since 1989 (Seigel & Yancey, 2003, p. 36), and the Rockefeller Philanthropy Advisors. Peter Karoff, TPI founder, estimated in 2003 that they have worked with 7,000 or 8,000 wealthy donors (Seigel & Yancey, 2003, p. 60). Financial and wealth advisors have been more hesitant to get into the philanthropy business. Estate-planning attorneys, trust officers, investment advisors, and money managers are, however, increasingly being urged to add advising about charitable giving to their portfolios (Brill, 2002), and firms such as Goldman Sachs and JP Morgan already provide this kind of service (Seigel & Yancey, 2003, p. 51).

The stated mission of these advisors and donor-education services is to improve the effectiveness of charitable giving by elevating the capacity of the donor to make wise decisions. TPI, for example, was founded to "help our clients identify their philanthropic interests and passions and to create strategic approaches to make important differences in society" (http://www.tpi.org). Signaling a donor-driven and highly individualized orientation to giving that is typical of the philanthropic-advising industry, TPI states,

> "The starting point for our work is the *client's* [italics added] goals and purposes. . . . We begin by gaining a clear understanding of our client's motivations, values, and goals. (http://www.tpi.org)

Rockefeller Philanthropy Advisors, originally developed as a private service to the Rockefeller family, has a similar mission. They advise donors to begin their "philanthropic journey" with the question, "What *internal* [italics added] forces drive you to give?" (http://www.rockpa.org).

Advisors do not, of course, ignore the needs and interests of potential recipient organizations, and the good ones aim to find a good match between donor interests and social needs and concerns. When these advisors have close connections to recipient organizations and their needs and they convey them to donors, then they can play an important role in mediating and improving the positive impact of charitable gifts. Consulting with an advisor who is knowledgeable in this way is preferable to individual donors' making decisions about their giving in isolation and relative ignorance of recipient interests and concerns. Although donors and recipients are not directly interacting, at least they are doing so through a mediated relationship where someone is able to speak for recipients. However, when the starting point for the counsel that advisors give so consistently and resolutely begins with the donor's private and personal goals and interests, then the threatened consequence is to heighten donor control relative to recipient influence.

Another form of donor services is the increase in donor-advised funds, which are accounts a donor establishes with a charitable organization that agrees to follow the donor's direction in distributing the assets. Community foundations, nonprofit grantee organizations, and the commercially linked Fidelity Investments Charitable Gift Fund (http://charitablegifts.org/basics.shtml) and Vanguard Charitable Endowment Program all offer donors the opportunity to set up these funds. Their growth has been enormous in recent years, increasing by 15% to 20% every year from 2001 to 2005 (Kerkman, 2006; Kerkman & Lewis, 2004). The sponsors of donor-advised funds repeatedly tout the benefit of "investing today" and "[qualifying] for an immediate tax benefit" with no requirement to actually give the money away for a longer period (http://www.vanguardcharitable.org). Then there is the added benefit of the sponsoring organization's doing "all the legal, philanthropic, and accounting work" (Foord, 2003, p. 1).

By far the biggest and fastest growing is Fidelity Investments Charitable Gift Fund (Kerkman & Lewis, 2004), which defines a donor-advised fund as "a giving vehicle that combines immediate benefits with the ability to support your favorite charities on a flexible timetable" (http://www.charitablegift.org). The benefits to which Fidelity refers are exclusively benefits to donors, not all of whom, of course, come from great wealth.

The advice Fidelity gives to its donors about "building a giving strategy" is typical and provides a telling look into the principles of donor-controlled philanthropy.

> First, determine what's most important to *you*. Then figure out what *you* hope to accomplish. . . . What three experiences have *you* found most rewarding? Who did *you* admire most as a child? Who do *you* admire now? Why? If *you* could take small steps to make the world better, what would *you* do first? When are *you* happiest "doing good," what is it that *you* are doing? Which issues or institutions do *you* care about most? (http://www.charitablegift.org, italics added)

Here, philanthropy is dictated by the donor's innermost cherished values and experiences and by what he or she most wishes to achieve. The path to funding decisions begins in the deepest and innermost regions of the self and culminates in the donor's self-generated private vision of public good. Philanthropy is primarily offered as an opportunity to embark on a personal journey and to fulfill a private vision for society. This approach to philanthropy echoes the single voice of the donor like one hand clapping. It is in bold contrast to a social relational model that joins donors and grantees in a shared project of mutual interests based mainly on recipient needs and concerns.

The philosophy and practice behind donor-advised funds such as Fidelity have little or nothing to say to donors who might prefer to begin their funding decisions with some knowledge and understanding about pressing social issues as experienced by potential recipient groups. No sources or ways of learning about those issues are provided. No advice is given about how donors might familiarize themselves with useful information about local or global concerns or how they might access the views of potential grantees or recipients or beneficiaries or those who might represent them. No counsel is offered for donors who might wish to go out into the community, work on some issue or a problem, and become actively informed and involved before deciding on a gift. Instead, Fidelity recommends that donors simply peruse the online Guidestar Web site as a way to "research charities."

It is obvious that the huge increase in donor-advised funds that allow donors to specify precisely where and how their gifts will go without any established method of learning about or from recipient groups increases donor control. Philanthropic commentary that supports donor-advised funds sees them as "facilitating the process of charitable giving" (Steuerle, 1999) and providing advantages for donors over establishing private foundations (Foord, 2003) such as the absence of the 5% payout requirement that foundations consider onerous (Steuerle, 1999). Recently, donor-advised funds have been targeted for criticism, and the U.S. Congress now threatens to regulate these funds. A leading scholar in the field, for example, calls them "simply holding vats for charitable dollars" and "[bewails] the resulting reduction in direct contributions to operating charities and in direct contact between donors and recipient organizations" (Salamon, 2003, p. 58) that they produce.

DONOR OVERSIGHT: AUTHORIAL INVESTORS AND THEIR PARTNERS IN HIGH-ENGAGEMENT PHILANTHROPY

In what is called high-engagement or high-impact philanthropy, advocates urge wealthy donors (called investors) to involve themselves as partners with recipient groups in close relationships that go far beyond simply providing financial support (Morino & Shore, 2005, p. 13). When this language of partnership reflects a truly collaborative relationship where wealthy individuals share power over how resources will be used, to what ends, and with what desired effects, then this may represent the pinnacle of a social relations model of philanthropy. Some researchers, however, have suggested that this language of partnership is more rhetoric than reality (Silver, 2006), and leading advocates of this kind of philanthropy use language that belies any notion of shared power. Two such advocates, for example, boldly and unapologetically assert the "need" that wealthy individuals "have to exercise power or control in the organizations in which they have made an investment" and where they fully intend to "be a decision-maker" (Grace & Wendroff, 2001, p. 91). Other leading advocates characterize social investors as having "bold ambitions" for themselves and the organizations they sometimes found and run (Morino & Shore, 2005, p. 12).

High-engagement donors offer "strategic assistance, which can include long-term planning, board and executive recruitment, coaching, help in raising capital, assuming board roles, accessing networks, and leveraging relationships to identify additional resources and facilitate partnerships" (Morino & Shore, 2005, p. 11). Advocates of high-engagement and venture philanthropy advise donors "to encourage and fund their investment partners to commit to outcomes assessment and to establish tracking and reporting systems to monitor their progress" (Morino & Shore, 2005, p. 16). High donor engagement often includes donors' serving on the boards of the organizations they fund (and sometimes found) and has in some cases gone as far as donors' actually administering the programs.

Another term for high-engagement philanthropy is *venture philanthropy*, where donors "can (and should) provide technical assistance to nonprofits they support" (Backer, Miller, & Bleeg, 2004, p. 1). Donors of this kind expect a clear "return on investment" that is financial, social, and emotional (Eikenberry & Kluver, 2004, p. 134; Gingold, 2000, para. 4).

Although researchers appear to agree about the growth of giving circles, donor-advised funds, and the use of philanthropic advisors and other donor services, more research is needed to determine how many wealthy individuals have actually taken the advice to become more highly engaged with their social investment partners. In the absence of that research, it cannot be known how many of those relationships are genuine partnerships—true collaborations with shared power over the use of philanthropic resources—and how many of them mask a heightened form of donor control.

Although evidence for how much growth there has actually been in this high-engagement philanthropy is lacking, what is clear is that philanthropic advisors and consultants of various sorts have in recent years heralded high engagement as the wave of the future for philanthropy—though enthusiasm seems to be waning because one major proponent, the founder of Venture Philanthropy Partners, has retreated from claims that this high-engagement approach should come to typify all philanthropy (Gose, 2003).

CONCLUSION: REBALANCING THE PHILANTHROPIC RELATIONSHIP

Although the major aim of this article is to document and theorize new forms of donor control as facilitated by new forms of philanthropic relationships, if that control is to be addressed, it is important to understand—in relational terms—why donor control has increased in recent years. A prevailing explanation comes from the supply side, suggesting that the unprecedented rise in wealth accumulation in the United States from the 1990s economy, the huge intergenerational transfer underway, and the concentration of wealth all contribute to donors' wanting more control over how their gifts are used. It does not seem, however, that increasing amounts of riches owned by a relatively small number of people necessarily causes them to exert more and more control over how those riches are used. Indeed, such a large increase in resources for such a small group could result in greater freedom from having to exert strong control.

A different explanation comes from factors affecting not only those who supply philanthropic resources but also those who "demand" them, thus utilizing a social relations perspective that attends to the circumstances of both parties. On the demand side, public support for social need has changed in recent decades in ways that have created enormous difficulties and tensions for recipient groups working to address those needs. Many nonprofits have never fully recovered from the federal cuts in funding to nonprofits during the 1980s (Abramson, Salamon, & Steuerle, 1999, pp. 106, 111; Salamon, 2003, p. 40). Those who survived have had to adapt as federal spending in some (but not all) areas rose again in the 1990s (Smith & Gronbjerg, 2006, p. 221), but in a way that devolved resources and resource allocation to state and local governments (Salamon, 2003, p. 40). States and localities often put into place new procedures requiring nonprofits to compete for support in ways they had not before. Federal support has also shifted from grants to nonprofits to various forms of fee-based subsidies to individuals, thus shifting the decisions from nonprofit providers to "consumers" and requiring nonprofits to actively compete with other nonprofits—and increasingly with for profits—for the monies they need to support their work (Smith & Gronbjerg, 2006, p. 222). As competition increases, strain on nonprofits to find money increases with it. As nonprofits become more strapped for funds, the pressure to increase charitable donations as part of the mix causes nonprofits to offer donors more and more control over their gifts as a way to appeal and persuade them to give.

On the supply side, wealthy donors respond by more tightly holding the reins over their gifts as a way to ensure they are well spent. Into this set of circumstances steps today's rapidly growing, highly profitable industry of financial and philanthropic advisors, offering services to a new market of new wealth and urging newly wealthy donors to exercise the same entrepreneurial spirit in their social investing that brought them such success in their business ventures. Many of today's "development" professionals have also adopted this line of argument, insisting that recipient organizations comply with what new donors must have as a condition of providing needed resources.

The rising influence of this third party is an important amendment to the philanthropic relationship. Although my 1990 coauthor and I acknowledged the existence of parties other than donors and recipient groups, the prominence of these advisors has considerably risen in the past 15 years. Encouraging wealthy donors to assert more control over their money is in the interest of this industry because donors will then be more likely to seek services to assist them. The product this industry offers, for a hefty price, is assurance to donors—the industry's customers—that their gifts are being spent exactly as they wish and are having the effect they desire.

What does this explanation for increased donor control suggest as starting points for rebalancing the philanthropic relationship, consistent with a social relations model, more in the direction of the recipient and the demand side? Scholars and other thought leaders must persuade more wealthy donors that in the end the effectiveness of their gifts depends first and foremost on their having greater access to information about and, ideally, genuinely collaborative interactions with recipient groups. These donors, the customers of the new philanthropic advisory services, might then insist that their advisors offer solid information about public needs and issues as a basis for funding decisions and more opportunities for interaction and true collaboration with willing recipient groups. Advisors—and wealthy donors—who already operate in this way could take the lead. This would replace the prevailing emphasis on philanthropy as a vehicle for wealthy individuals to exercise their individual needs for power, their desire for agency to shape the world as they see it, and their personal voyages of self-discovery and self-fulfillment. A social relational view of philanthropy ideally brings mutual satisfaction and fulfillment both to those who supply and those who demand philanthropic resources, but it is based always on what recipient groups need and want as the main priority and criteria for effectiveness.

On the recipient side, the measure of a successful fund-raising campaign must change, and the belief that recipient groups have to defer to donors' wishes to raise money must be challenged. Successful funding is less about the dollar amount raised and more about how much raised funds enhance the recipient organization's autonomy and ability to achieve its established mission (Kelly, 1991, 1998; Pratt, 2004). Instead of offering donors a chance to specify the particular use of their gift as a way to get them to give through methods such as donor-advised funds and exclusive giving circles, recipient organizations seeking charitable gifts must develop ways for donors to become informed about needs and ways to have the greatest impact. Recipient groups should actively negotiate with donors about gifts, perhaps offering opportunities for them to become engaged in truly collaborative relationships with recipient groups, and scholars and researchers should attend to philanthropic practices that support these negotiations and collaborations. In the long run, steps such as these will be more likely to increase and stabilize philanthropic support than will offers to donors to specify the use of their gifts in ways that ultimately may not be as effective and may not have the impact that surely both donors and recipients alike desire.

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