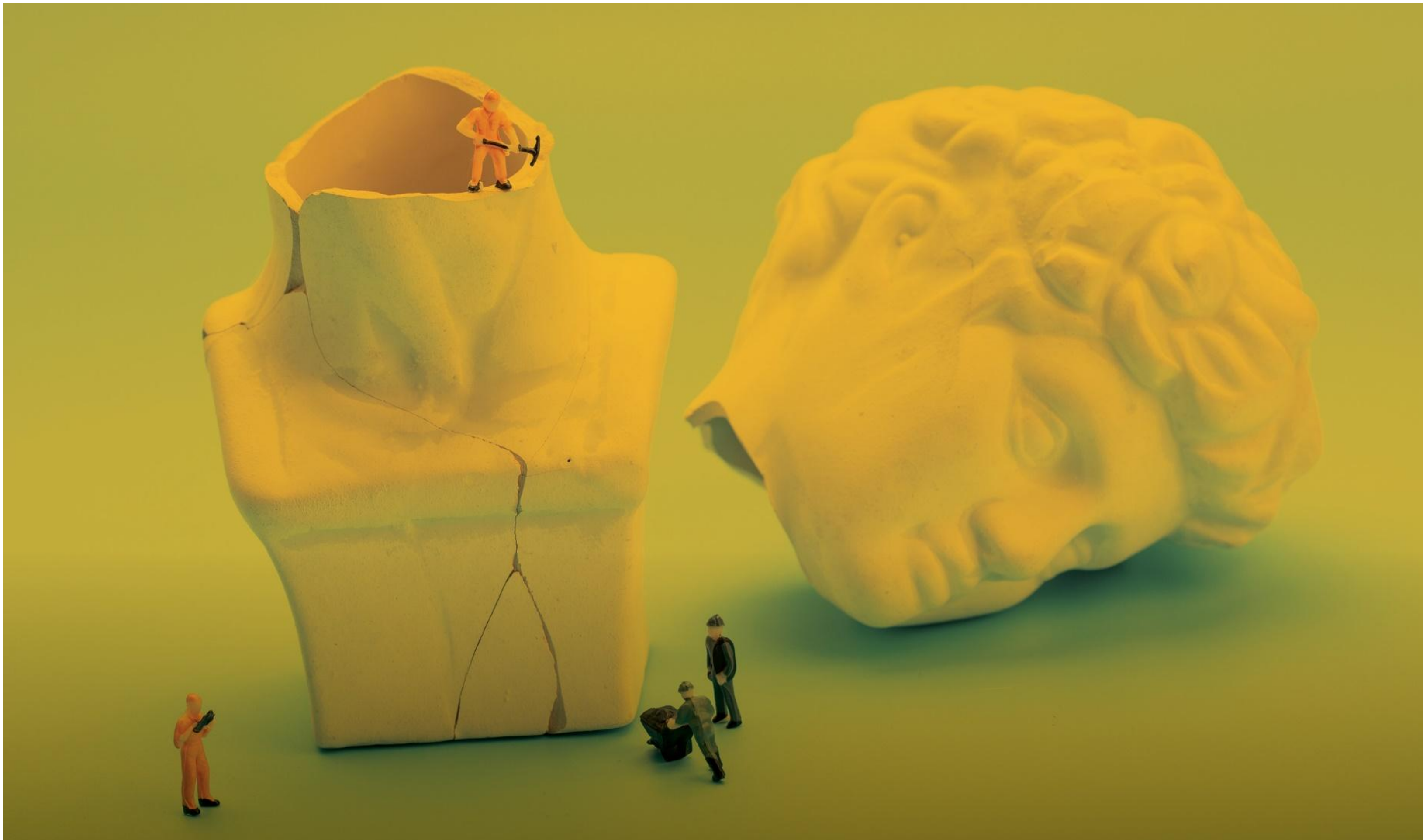

GILDED GIVING 2026

# Philanthropy Under Oligarchy

**IPS Charity Reform Initiative**

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Institute for Policy Studies
INEQUALITY.ORG
AN INSTITUTE FOR POLICY STUDIES PROJECT

# Gilded Giving 2026:
# Philanthropy Under Oligarchy

How wealthy donors are choosing
whether to hoard, fold, or fight

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*This report was co-authored by the Charity Reform Initiative members Chuck Collins, Bella DeVaan, Helen Flannery, and Dan Petegorsky, with support by Wallace Fellow Logan Decker.*

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*The Institute for Policy Studies is a grantee of the Wallace Global Fund.*

# Why “Philanthropy Under Oligarchy”?

“Oligarchy has often been thought of as ‘rule by the few,’” political scientist Jeffrey Winters told *Inequality.org* a few years ago, “but, in Aristotle’s original formulation, it was ‘rule by the wealthy few.’” He added: “One thing that all oligarchs do politically is what I call wealth defense.”

For many extremely wealthy Americans, philanthropy — ostensibly a form of generosity — has become part of that defense of extreme wealth.

Philanthropy is definitionally a phenomenon of wealth inequality: Someone with resources to spare chooses how and where to deploy them. But whatever good charity, voluntarism, or institutional giving can do is undercut by our tax code, which turns philanthropy into a vehicle for defending wealth and status.

The biggest donors prefer funding intermediaries over direct support; exercise caution and deference towards the president’s politics; and often invest their endowments against their own institutions’ stated missions. All these status quo choices follow the oligarchic pattern painfully visible across the executive branch, the courts, big business, and the media: **Concentrated private wealth decides whether and how to act in the public interest or the private interest, accountable to almost no one.**

Our nation’s largest fortunes keep growing, elite impunity is now assumed rather than exceptional, and the president is weaponizing the government to persecute his perceived enemies. Everyday people pay the price in slashed social services, in rising bills, in fear on the streets, and in taxpayer expenditures — we subsidize up to 73 cents of every dollar donated to charity by an ultra-wealthy American. And philanthropy hasn’t shown itself capable of rising to the occasion.

Consider these harrowing statistics from the Center for Effective Philanthropy: 69 percent of nonprofits reported experiencing funding cuts from public and/or private giving in 2025, while in 2026 73 percent of nonprofit leaders reported increased demand for their services. In spite of this increased demand, 46 percent of nonprofit leaders express concern their organizations will need to close or merge, and nearly a third report their organization had to reduce their offered services.

Nonprofits generally operate under a climate of economic precarity, even in normal times: surveys show that the vast majority maintain a financial cushion of just months in operating expenses. Under the Trump Administration, those regular financial pressures have greatly increased.

By contrast, the assets of wealthy donors and the philanthropic vehicles they employ (private foundations, donor-advised funds, etc.) have soared to unprecedented heights, reflecting the impact both of equity markets untethered to the economic conditions, and of policies and actions by the Administration and Congress.

On top of these economic factors, key sectors and organizations have faced ever-mounting political, legal and regulatory attacks by Federal and state agencies and prosecutors, from Congressional committees, and from non-governmental allies on the far-right.

This report will tell the story of philanthropy under oligarchy. We'll explain the political conditions that allow for most ultra-wealthy givers to dominate and benefit from charitable giving in America instead of meaningfully mobilizing to protect democracy in a time of crisis. Along the way, we'll illustrate the three major response patterns of our nation's big funders: Accumulation, capitulation, and all-too-rare, all-too-important solidarity.

**Accumulation**: Using philanthropy's inbuilt incentives to hoard wealth and reap tax benefits rather than disburse wealth to working charities. This looks like allowing one's private foundation or donor-advised fund to balloon in value while maintaining a proportionately paltry payout rate.

**Capitulation**: Using philanthropy's power and privilege to keep themselves safe during a time of rising authoritarianism and peril for nonprofits. This looks like remaining silent, complying in advance, warping mission, or actively colluding with a government that seeks to punish its perceived enemies inside and outside of the philanthropic sector.

**Solidarity**: Using philanthropy's power and privilege to stand up for vulnerable people and communities and support democracy defense, democracy expansion, and the curtailing of oligarchic control. This looks like boosting payout rates even to the point of spending endowments down or out, moving money to social movements and social change, actively supporting the groups on the frontlines of democracy defense, speaking out against rising authoritarianism to make waters safer for grantees and frontline activists, and aligning investments with mission.

While structural reform of our broken system remains a pipe dream under the current federal government, this report will lay out a policy agenda for the future, and offer meaningful voluntary efforts that funders, nonprofit workers, and anyone interested in diminishing oligarchic power in the sector can adopt in the meantime.

# Key findings

**Elite foundations are growing — and lagging in payout.**

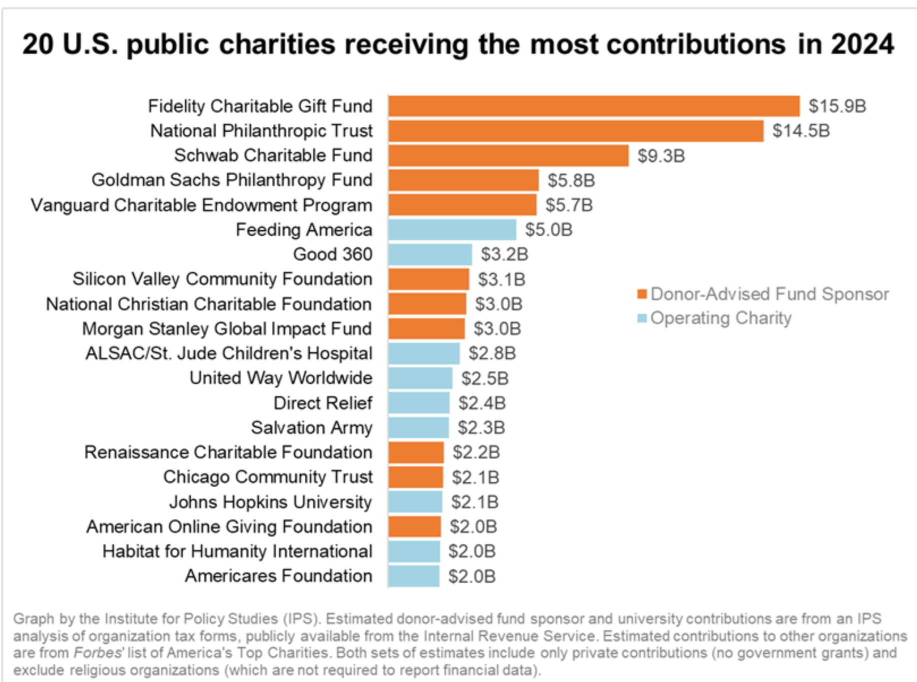
Median payout at major grantmaking institutions — the 144 private foundations with endowments over $1 billion — was 5.1 percent (in 2024). The legal requirement is to hit 5 percent, showing that the nation's largest institutional funders are treating that as a ceiling instead of a floor. Foundations can get away with underpayment due to inadequate enforcement and clever accounting.

Aggregate foundation market returns are estimated by *FoundationMark* at 12 percent over 2024, and 7.2 percent over the past five years (per December 2025 fiscal year-end foundation figures for a much larger database than the top 144). In short, investment returns substantially exceed payout rates.

The nation's now-largest foundation, the Lilly Endowment, reached a 5 percent payout in 2025 for the first time since 2009. Their payout was just 3 percent in 2024 and 3.4 percent in 2023. Their assets have more than doubled in value since 2022 due to the popularity and proliferation of GLP-1 drugs.

If the 121 billion-dollar-plus private foundations that paid out *less* than 10 percent *had* to pay out at 10 percent in 2024, they would have directed an additional $23.4 billion to charity.

**Donor-advised funds are also booming — and lagging in real giving.**

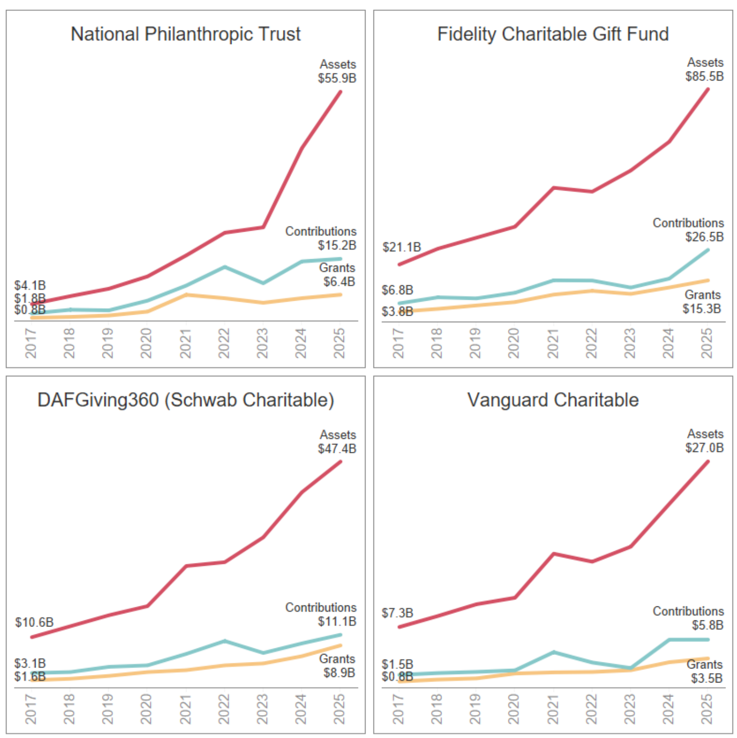


While they've often been described as "rainy day funds," donor-advised funds (DAFs) have no legal payout requirement and are piling up assets far above the increase in their grants. Rather than meeting the moment, too many are stashing away money while charities are experiencing unprecedented crises.

Donor-advised fund sponsors comprise 11 of America's top 20 charities in terms of incoming contributions and their collective value has grown 475 percent in sixteen years. DAFs sponsored by financial institutions — commercial DAFs — are responsible for much of this growth.

United Ways of California president and CEO Pete Manzo sums it up: Commercial DAFs are "not really charities with a mission, advancing a point of view about strategic goals, so much as they are financial firms providing services to their investment clients."

**Growth in Grants, Contributions, and Assets for Four Top Donor-Advised Fund Sponsors, 2017-2025**



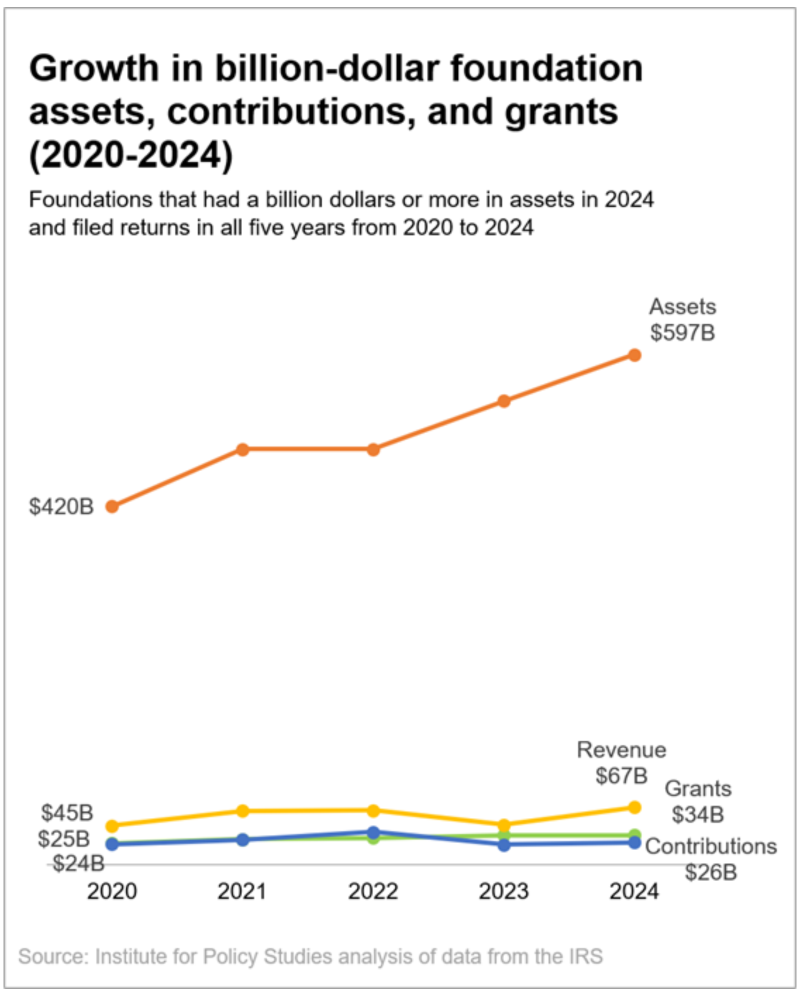

Sources: Sponsor Form 990 annual returns

Some of the nation's largest DAF sponsors — the National Philanthropic Trust, Fidelity Charitable Gift Fund, DAFgiving360 (formerly Schwab Charitable), and Vanguard Charitable — have collectively seen their assets grow about 64 percent faster than grants since 2017.

By 2025, these four donor-advised fund sponsors held an average of $6.84 in assets for every $1 they paid out in grants — ranging from about $5.33 at DAFgiving360 to $8.73 at National Philanthropic Trust.

Wealthy donors poured record amounts into donor-advised funds before certain provisions of the "One Big Beautiful Bill Act" (OB3) took effect that might limit the value of their income tax deductions. These gifts were "bunched" to maximize tax benefits up front, meaning that donor-advised funds may take more years to disburse grants back out. And as *CNBC* reports, the "surge in IPOs and valuations for private tech companies is creating a secondary boom in donations of shares to donor-advised funds," noting that DAFs are "attractive to tech workers who tend to be younger, since they can make the donations now and wait until their later years to decide on the individual grant recipients."

**Charitable intermediaries keep piling up wealth.**



While these sectors lag in outbound giving, they are also receiving an ever-greater share of charitable contributions. As of 2024, DAFs and foundations together took in 38 percent of all individual giving in the United States. If these two types of intermediaries continue to grow at the rate they have for the past five years, by 2028 they will take in half of all U.S. individual giving.

- Giving to private foundations has increased from 11 percent to 15 percent of all charitable giving by individuals since 2010.
- Giving to DAFs has increased from 4 percent to 23 percent of all individual giving since 2010.

**The assets held in DAFs and foundations have far surpassed $2 trillion in 2026.** Private foundations held $1.865 trillion at the end of 2025 and DAFs held $328 billion at the end of 2024. That's well over $2 trillion sidelined from flowing immediately to nonprofit organizations working to protect democracy and solve problems — but where the donors have already gotten their tax deduction.

**Mega-givers dominate the nonprofit sector — and U.S. taxpayers foot the bill.**

*Giving USA* reports that mega-gifts (donations over $600 million) totaled $19.22 billion in 2025 — a dramatic rise from $2.7 billion in gifts $30 million or larger (then the mega-gift threshold) made in 2009.

From research by David Wolcheck of *Candid* and Michael Kavate of *Inside Philanthropy*, living billionaires have increased from 24 percent to 48 percent of large foundation leadership over the last decade — and this figure can't account for the large and increasing number of ultra-wealthy givers using LLCs, DAFs, and non-(c)3 entities to enact their tax-advantaged philanthropic visions. 66 Americans also now themselves have twice as much money as the Ford Foundation. In other words, individual wealthy donors command increasing control and resources in the nonprofit sector — outpacing legacy, institutional grantmakers or public charities that have comparatively more accountable governance.

**With each passing year, up to 73 cents of each dollar donated by high wealth individuals is subsidized by taxpayers**: That's the total subsidy wealthy donors can derive from tax avoidance through charitable donations.

**Givers who support democracy and practice solidarity are too rare — and not enough money is reaching movements.**

Some grantmakers have been a backstop for lost federal government funding, but gifts to social movements — which seek to, in the 1963 adage of Martin Luther King Jr., tackle the "circumstances of economic injustice which make philanthropy necessary" — likely fall in the low single percentage-point range of all philanthropic giving.

It's quite difficult to ascertain what percentage of charitable gifts fund grassroots organizing and social movement building. Based on a comprehensive review of other organizations' research conclusions, we estimate that gifts to social movements hover well below 5 percent of total charity — likely in the range of a couple of billion dollars.

**Individual funders can do a lot… but they can't save us, and many don't want to.**
Mackenzie Scott accounted for one-third of all mega-gifts this last year. Still, after donating a cumulative $27 billion to charities in less than a decade, she has only decreased her net wealth by $7.4 billion between 2020 and 2026, as per *Forbes* figures.

The Giving Pledge has only added a handful of new signatories and is facing intense "backlash" from right-wing givers like Peter Thiel and Elon Musk. Prominent megadonors increasingly see their enterprise as a more important contribution than their giving. For example:

Mark Zuckerberg:

> "I actually think the idea that you make money with a company and then find a way to do good with a philanthropy is a really outdated way of thinking about things. In most cases, the companies people build will be the main way they make an impact in the world. That's why it's so important that the work of these companies pushes human progress forward. And then yes, of course it's great if you can also find a cause or mission that you care about to re-invest in."

Jeff Bezos:

> "If I do my job right, the value to society and civilization from my for-profit companies will be much, much larger than the good that I do with my charitable giving."

It's worth raising that Bezos' companies can also be a *drain* on public coffers. A recent analysis by *Popular Information* estimated that since the take-home pay of many Amazon workers hovers at or below the poverty line, they qualify for Medicaid, costing taxpayers close to $1 billion/year.

**Too many donors are choosing to capitulate to the Trump administration.**

Some major grantmakers have pre-emptively censored web language, abandoned social justice principles, contributed to funds that burnish the administration's reputation or arguably function as payola, and have paused grants to charities due to political considerations.

They are using philanthropy's power and privilege to keep themselves safe during a time of rising authoritarianism and peril for nonprofits.

**Some important donors are choosing to give in solidarity with social movements. They should be applauded — and copied en masse.**

Some donors and foundations have quickly moved to compensate for slashed federal funding, organized against rising authoritarianism, boosted their payout rates to channel money quickly to embattled-yet-essential social movements, and have aligned their investment portfolios with their missions.

They are using philanthropy's power and privilege to stand up for vulnerable people and communities, and to curtail oligarchic control. And they invite as many grantmakers as possible to join them.

## Key recommendations

In a dangerous political environment, commitments like voicing concern about democratic backsliding, increasing payout in the short-term, and implementing investment screens are a good place to start. In the long term, we suggest deeper structural changes to rebalance power in the nonprofit sector.

Pledges alone haven't been able to move the needle, so funders interested in countering oligarchy need to step up now. We recommend that they raise the standard for acceptable conduct *immediately*: double required payout to 10 percent a year, vigorously fund movements, align *all* their investing with their missions, and support structural reform that turns today's exemplary conduct into universal baseline expectations.

**Here are reforms funders can opt into now:**

- Raise payout to at least 10 percent and actively work towards spending-down or out.
- Deploy those dollars more quickly, flexibly, and equitably (less restrictive, faster-moving grants, not just bigger totals).
- Cap or prevent personnel expenditures from counting towards that 10 percent.
- Use a DAF sponsor that encourages moving money quickly and doesn't collaborate with political attacks on the sector.
- Commit to board independence.
- Post full 990 and 990PF public disclosure copies on websites, since the IRS now doesn't include key sections, such as grants lists and other attachments.
- Align 100 percent of the endowment with mission, not just the payout.
- Set a public target and timeline for the share of endowment in mission-aligned or impact-first vehicles, the same way payout commitments need a number and a date to mean anything.

**Beyond voluntary measures by funders, structural reform could unleash untold billions.**

Raising the legal private foundation payout requirement to 10 percent would unleash an estimated $66.3 billion in warehoused philanthropic wealth to working charities in 2026, and using 2024 projections through 2029, a total of $351 billion.

Creating a five-year payout requirement for donor-advised funds would unleash an estimated $37 billion in 2026, and an estimated $213 billion through 2029.

**This wealth could pay for dramatic investments in democracy and the common good.** Philanthropy can in no way substitute for an equitable distribution of wealth or tax system. But to illustrate how powerful charitably earmarked wealth could benefit the public, here are some things that philanthropic capital, currently concentrated in the hands of very few or parked in charitable intermediaries, could pay for, using IPS' National Priorities Project and tax filing data:

- $351 billion from private foundations could provide 3.7 years of SNAP benefits for the ~42 million Americans who depend on them, *or*
- Sustain all existing units of public housing for decades, *or*
- Fund the combined annual revenue of all 300 top food banks, the United Negro College Fund, Habitat for Humanity International, *and* Doctors Without Borders USA more than 18 times over *in a single year*.

**The structural charity reform compact that we recommend:**
The last congressional overhaul of philanthropic sector rules was in 1969, when wealth concentration was much lower than today. That framework created tax incentives for timely giving but also opened the loophole that ultimately enabled the commercial exploitation of donor-advised funds.

Today, efforts for legislative reform should aim to prevent tax-avoidance abuses, promote an independent nonprofit sector, and protect democracy from the undue influence of private wealth.

*Discourage the warehousing of charitable funds.*

- Require donor-advised funds to pay out within 3-5 years of donation, change the timing of their tax benefits, and set better transparency standards to prevent shell games.
- Increase private foundation payout from an annual 5 percent to 10 percent, exclude certain expenses from counting towards payout, incentivize mission alignment, and increase transparency on board and trustee members.

*Build integrity.*

- Establish independent oversight capacity and increase public access to tax filings and disclosures.
- Prevent the politicization of the IRS and fully fund its enforcement and auditing mechanisms.

- Shine light on dark money by requiring donor disclosure from any section 501(c) organization.

*Make giving fair — by fighting inequality.*

- Reverse top-heavy philanthropy and extreme inequality by capping charitable tax benefits and closing loopholes.
- Restore and strengthen standards of fiduciary duty, with a plan ready for how, when and if executive branch leadership changes, government can build back from a gutted system.
- Broaden giving by preserving the universal non-itemizer charitable deduction for all households, and restore the social safety net and global aid funding after disastrous austerity measures.
- Fairly tax and distribute wealth beyond the charitable sector to curtail the power of mega-givers in the first place.

## The political conditions

Nonprofits generally operate under a climate of economic precarity, even in normal times: Surveys show that the vast majority maintain a financial cushion of just months in operating expenses and observed high rates of operating deficits at the end of 2024. Under the second Trump Administration, those regular financial pressures have greatly increased.

By contrast, the assets of wealthy donors and the philanthropic vehicles they employ (private foundations, donor-advised funds, etc.) have soared to unprecedented heights, reflecting the impact both of equity markets untethered to the economic conditions facing families and communities, and of policies and actions by the Administration and Congress.

On top of these economic factors, key sectors and organizations have faced ever mounting political, legal and regulatory attacks by Federal and state agencies and prosecutors, Congressional committees, and third-party allies.

While past crises such as COVID-19 have raised critical questions about how the philanthropic sector responds, this combination of economic pressure and political repression poses unique and existential challenges.

### How OB3 shaped the philanthropic sector

No act of Congress has had a greater effect on the charitable sector in the last few years than the "One Big Beautiful Bill Act" (passed in July, 2025, henceforth referred to as OB3), which slashed funding for social safety net programs like SNAP and Medicaid that benefit working and lower-income Americans. While OB3 created an avenue for wider small donor participation, the bill overall accelerated wealth inequality and asset growth.

OB3 permanently extended the 2017 cut in the top individual income tax rate from 39.6 percent to 37 percent, kept the sharply discounted top rate of 20 percent on long-term capital gains, and expanded the estate tax exemption to $30 million in 2026.

Asset growth reached near record highs coming into 2026: total foundation assets swelled thanks to market gains, and donors poured record amounts into donor-advised funds before certain elements of the bill took effect that would limit the value of their charitable tax deductions.

*The almost-excise tax*

The Republican-led tax bill first passed by the House included a major increase in excise taxes on investment income for private foundations from the current 1.39 percent rate up to 10 percent for the largest foundations, what the Philanthropy Roundtable called a "hike of up to 619% on private, charitable investments." Vocal supporters of the measure sought to curtail what they identified as liberal and progressive philanthropic activities or the "woke" agenda.

But the Senate ended up defeating the proposed tax hike for private foundations due in no small part to the advocacy of Senators Todd Young (R-IN) and James Lankford (R-OK), who represent red states that are home to prominent religious institutions and foundations like the nation's largest, the Lilly Endowment. Large foundations and endowments ultimately faced no increased excise tax.

*The universal non-itemizer deduction*

Another victory for Senator Lankford, a former Christian camp director who believes churches and nonprofits should carry many social needs that the government, in his words, "cannot," championed a new non-itemizer deduction for charitable donations of up to $1,000 per individual or $2,000 for married joint filers. (The House version offered $150 or $300.)

Before OB3, the first Trump administration's marquee 2017 Tax Cuts and Jobs Act "eliminated federal charitable giving incentives for roughly 20 percent of US income-tax payers" and depressed everyday charitable giving by an estimated $20 billion per year. A COVID-era provision instituted a modest non-itemizer deduction, but that was allowed to expire.

To pay for the new deduction, Congress instituted a floor of .5 percent for itemizers claiming the charitable deduction and capped the deduction at a rate of 35 percent. However, since the wealthiest donors mainly donate appreciated assets rather than cash, they benefit primarily from the avoidance of capital gains rather than an income tax deduction. As an example, DAFgiving360 recently reported that 73 percent of dollars contributed were in the form of non-cash assets.

*On balance, negative gains for charity*

The Lilly Family School of Philanthropy estimates that, on balance, this new tax treatment of charitable giving will actually depress charitable contributions by $5.69 billion, "even as it increases the number of donor households by roughly 8 million by expanding incentives for non-itemizers." That's based on the assumption that the highest-tax-bracket households will give less to charity due to the 35 percent limit on their deduction — emblematic of how important tax advantages are to incentivize high-dollar giving.

*Social safety net cuts*

Over and above these tax-related measures, OB3 had enormous effects on the conditions under which charities operate, greatly intensifying philanthropic needs. Alongside the "chainsaw" cuts implemented, often illegally, through Elon Musk's Department of Government Efficiency (DOGE), OB3 instituted deep cuts in social safety net programs vital to the kinds of services local nonprofits provide across the country.

- Cuts to Medicaid were the deepest. KFF projected that the bill would "reduce federal Medicaid spending over a decade by an estimated $911 billion…and increase the number of uninsured people by 10 million."
- In addition, the Center on Budget and Policy Priorities (CBPP) reports that "Enrollment in the Affordable Care Act marketplaces shrank in nearly every state after premium tax credit enhancements expired," with some 3 million people no longer enrolled. Those who have lost insurance are now increasingly seeking care at emergency rooms.
- Cuts to state food assistance programs (SNAP) have hit especially hard: "SNAP participation has already fallen by more than 4.5 million people, with likely more than 1.5 million children losing access based on available data from 19 states."

As just one example of how deeply these cuts hit at the local level, the *Washington Post* reports:

> "Food banks are now serving more people in Arizona than SNAP, according to data collected by the Arizona Food Bank Network — a first in their decade-plus of tracking, said the group's executive vice president, Terri Shoemaker. Yet charities cannot take the government's place, she said. 'Historically in Arizona, for every meal that food banks provide, SNAP provides five.'"

Finally, in addition to cuts implemented via DOGE and OB3, the Administration has arbitrarily and illegally rescinded or delayed grant funds that had already been allocated to nonprofit recipients. Those actions have been taken based on purely political considerations, as the *New York Times* reported: "Federal officials said in court documents that they halted billions of dollars in funding for energy projects to states 'based solely on whether they backed President Trump in the 2024 election.'"

**Government attacks on the philanthropic sector**

Republican legislators attempted to fold an alarming provision into OB3 that would have effectively granted the Treasury authority to revoke nonprofits' tax-exempt status if they were deemed "terrorist-supporting organizations" in the eyes of the current administration. Providing material support to terrorism is already illegal in the United States, and the government can already suspend tax-exemption for groups that do so.

But the scope of the Administration's definition of "indicators" of "domestic terrorism" are frighteningly broad: They include "anti-Americanism, anti-capitalism, and anti-Christianity; support for the overthrow of the United States Government; extremism on migration, race, and gender; and hostility towards those who hold traditional American views on family, religion, and morality." Concerningly, states are pursuing their own parallel laws targeting what they designate as "terrorist" activity, with Florida Governor Ron DeSantis currently leading the charge to designate the Council on American-Islamic Relations, the country's largest Muslim civil rights organization, a "domestic terrorist organization." The effort is currently being challenged in the courts.

While this effort failed in the Senate after passing the House in the winter of 2024, and was not included in OB3, bills with similar language have been reintroduced in both chambers and are currently in committee. A widespread opposition movement helped raise the alarm that any bill with this language should be understood as a "nonprofit killer."

More broadly, the House Ways and Means, Judiciary, and other committees have launched a protracted series of investigations that their opponents and legal experts interpret as aiming to harass and intimidate. They purport to be seeking new statutes or rules to make the nonprofit sector more transparent, even though Congress, the IRS and the Supreme Court have acted repeatedly to undermine donor disclosure requirements. And conservative groups have challenged the rules that still remain, requiring public charities to disclose major contributors to the IRS (though not the public). Young America's Foundation's recently filed lawsuit seeks to eliminate Schedule B donor disclosure from (c)(3) filings, mirroring the Buckeye Institute lawsuit that's already been working its way through the courts.

It's worth noting that more right-wing groups opposed the Ways and Means committee's efforts to expand IRS data collection powers, including the National Taxpayers Union, alongside nonprofit umbrella organizations like Independent Sector. The latter warned that the "Foreign Funding Transparency Act," "Stopping Foreign Influence in Elections Act of 2026," and the "Fiscal Sponsorship Transparency Act of 2026" would "reduce charitable giving, increase legal risk, silence nonprofit voices, and create administrative burden without improving oversight." So, it's hard to see this Congressional majority as genuinely committed to real charity reform, as opposed to undermining disfavored groups. Nor can we see much support at the IRS, which has tended to let rulemaking on transparency and reform languish for many years.

Ken Kies, the IRS' leading policy official until weeks ago, considered himself a friend of the philanthropic sector's independence and of the booming donor-advised fund industry. At the DAF Giving Summit in September 2025, Kies recalled his past work with the Cleveland Community Foundation and touted his record working to get DAFs stricken from the "dirty dozen" list of abusive tax shelters. Our team witnessed Kies reassure the audience that DAFs wouldn't be subjected to any burdensome regulation like modest recommendations to tax investment manager fees under the Biden Administration (which the financial services industry and large legacy institutions swiftly opposed).

The latest example of skewed Congressional scrutiny focuses on fiscal sponsorship — an area that could in fact benefit from more transparency across the ideological spectrum. But Chairman Smith and Treasury Secretary Bessent appear focused solely on attacking ideological opponents, while ignoring allied groups such as Freedom 250, a fund for the semiquincentennial sponsored by the National Park Foundation which may well have committed charitable solicitation fraud by deceiving donors.

These attacks have also targeted funders — almost entirely based on just the kind of viewpoint discrimination that legal experts say violates First Amendment protections. The Judiciary Committee, for example, has focused on foundation support for groups protesting the policies and actions of the Israel government, calling such groups "anti-Israel" and aligned with terrorism.

*Criminalizing civil society groups*

The Department of Justice and the FBI have begun mounting highly suspect and concerning criminal investigations and prosecutions against civil society organizations - most notably against the Southern Poverty Law Center, a longstanding civil rights organization, and the Ohio Organizing Collaborative, a prominent civic participation and voting rights group (see our "Solidarity" section for more detail). While we have yet to see indictments, funders have been targeted as well: last fall a DOJ memo instructed U.S. attorneys to investigate George Soros' Open Society Foundation for criminal prosecution. And the IRS is now reported to be drafting plans to strip targeted organizations of their tax-exempt status.

So how has elite philanthropy fared, and how are big funders responding to perilous political conditions? We have identified three major orientations towards giving shared by philanthropists under this second Trump Administration: Accumulation, capitulation, and, in rare but important and instructive cases, solidarity.

## Accumulation

It's a great time for the wealthy in America — and, by extension, their preferred philanthropic vehicles of private foundations and donor-advised funds.

Asset growth reached near record highs coming into 2026, and foundations and donor-advised funds increased their share of charitable contributions.

*Payout lags*

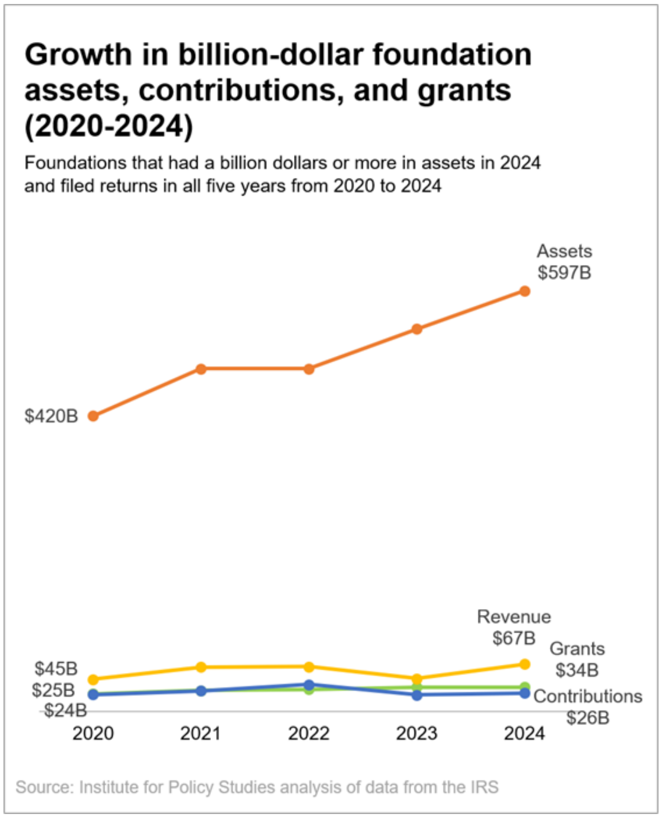
Foundations often approach the decision whether to increase payout as a math problem rather than a moral imperative: how much can the foundation pay from its endowment without risking its ability to maintain the value of its assets in real dollar terms forever?

This framing shifts the focus and decision making onto investment and money managers and away from mission and program. Additionally, it highlights the risk of potential declines in portfolio values rather than the vastly greater risk nonprofits and communities face in moments of real crisis like the present.

Current IRS rules provide ample means for foundations to mitigate financial risk. The mandated payout rate of just 5 percent doesn't mean 5 percent in grants: It includes the foundation's administrative costs as well. And the IRS allows foundations great leeway to manage ups and downs in the market value of their investments: If they exceed 5 percent in certain years, they can apply the excess towards meeting the following years' distributions for up to 5 years. And if they fall short, they have a one-year grace period to make up for the past year's shortfall.

While it's supposed to be just one year before the foundation has to pay a penalty, an accounting loophole allows foundations to carry on shorting the payout minimum for many years on end. The nation's now-largest foundation, the Lilly Endowment, reached a 5 percent payout in 2025 for the first time since 2009. Based on their tax filings, Lilly's payout was just 3 percent in 2024 and 3.4 percent in 2023. Their assets have more than doubled in value since 2022 due to the popularity and proliferation of GLP-1 drugs. Time will tell whether they now continue at the mandated 5 percent or revert to their earlier pattern.

Foundations concerned about unique financial "risk" — beyond the broader instability to which all Americans are exposed — are largely concerned with the question of surviving in perpetuity.




*Huge foundations keep getting wealthier*

We analyzed the 144 American foundations that held $1 billion in assets in 2024, the most recent tax filing data available. Their median payout was 5.1 percent. Above, we've charted their asset growth against their revenue (primarily investment income), grants, and incoming contributions. The chasm between assets and grants continues to grow.

Aggregate foundation market returns are estimated by *FoundationMark* at 12 percent over 2024, and 7.2 percent over the past five years (per December 2025 fiscal year-end foundation figures for a much larger data set than the top 144). In short, these foundations are growing much faster than they are giving.

If the 121 billion-dollar-plus private foundations that paid out *less* than 10 percent *had* to pay out at 10 percent in 2024, they would have directed an additional $23.4 billion to charity.

We have yet to see complete data from 2025, which would reflect private foundations choosing to increase their payout in direct response to the first year of the Trump administration or "beat the buzzer" before OB3's implementation. But this long-held trend towards asset growth without adequately increasing grantmaking shows overwhelming institutional norms that set the stage.

*Boom times for donor-advised funds*

While they've often been described as "rainy day funds," donor-advised funds (DAFs) have no legal payout requirement and are piling up assets far above the increase in their grants. Rather than meeting the moment, too many are stashing away money while charities are experiencing unprecedented crises.

**20 U.S. public charities receiving the most contributions in 2024**


Graph by the Institute for Policy Studies (IPS). Estimated donor-advised fund sponsor and university contributions are from an IPS analysis of organization tax forms, publicly available from the Internal Revenue Service. Estimated contributions to other organizations are from *Forbes*' list of America's Top Charities. Both sets of estimates include only private contributions (no government grants) and exclude religious organizations (which are not required to report financial data).

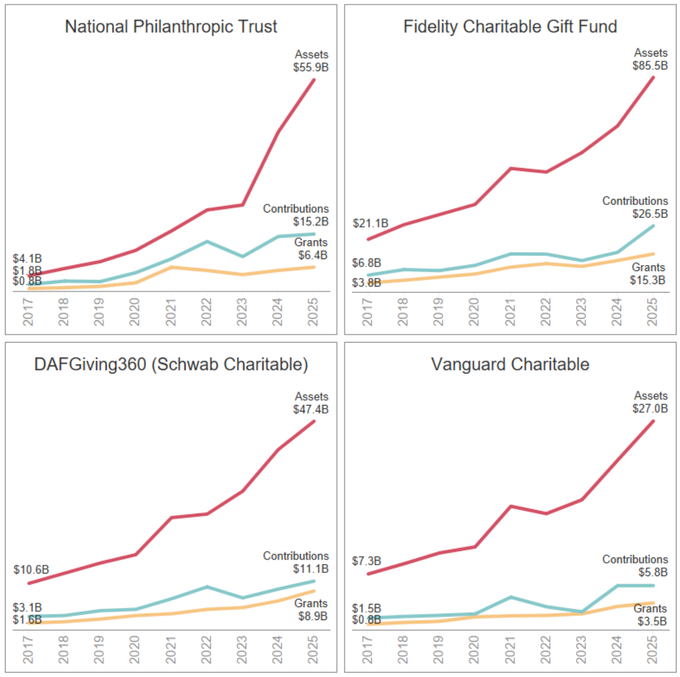
**Donor-advised fund sponsors comprise 11 of America's top 20 charities in terms of incoming contributions and have grown 475 percent in sixteen years.**

**United Ways of California president and CEO Pete Manzo sums it up: Commercial DAFs are "not really charities with a mission, advancing a point of view about strategic goals, so much as they are financial firms providing services to their investment clients."**

Some of the nation's largest DAF sponsors — the National Philanthropic Trust, Fidelity Charitable Gift Fund, DAFgiving360 (formerly Schwab Charitable), and Vanguard Charitable — have collectively seen their assets grow about 64 percent faster than grants did since 2017.

By 2025, these four donor-advised fund sponsors held an average of $6.84 dollars in assets for every $1 they paid out in grants — ranging from about $5.33 at DAFgiving360 to $8.73 at National Philanthropic Trust.

**Growth in Grants, Contributions, and Assets**
**for Four Top Donor-Advised Fund Sponsors, 2017-2025**




Sources: Sponsor Form 990 annual returns

And since financial advisers widely publicized the pending tax law changes under OB3, donor-advised fund sponsors reported receiving record donations in the fourth quarter of 2025. DAFgiving360 reported an increase of 50 percent in their fourth quarter of 2025 over that period in 2024, the National Philanthropic Trust reported a 140 percent increase, and numerous sponsors saw increased stock donations, as the *Chronicle of Philanthropy* reported. While we don't have a complete picture of these "bunched" donations, the spike in incoming contributions may mean that donor-advised funds take more years to disburse grants back out.

*Financialization of philanthropy continues*

Of the 124,309 private foundations that filed annual tax returns electronically in 2024, at least 20,548 of those foundations — 16 percent — paid compensation to at least one trustee that was a bank, a trust company, or a wealth management company. Bank trustees account for 19 percent of all trustee compensation at American foundations. It is also difficult to track the compensation of money managers, who take many forms, in nonprofit tax filings since there's no standardized reporting requirement.

Private foundations documented $2.55 billion in program-related investments (PRIs) in 2024. PRIs are below-market-rate investments that can count towards a foundation's mandatory 5 percent payout because they, in IRS language, "significantly further the foundation's exempt activities and would not have been made but for the relationship between the investment and the foundation's exempt activities." These investments are carved out as an exception to the jeopardizing-investment excise tax. These are different from mission-related investments (MRIs), which have no IRS definition, are market-rate investments that aim to align an endowment's corpus with its organization's mission without sacrificing high returns. However, there's no place on the 990-PF where foundations must report the amount they have invested in MRIs.

For more research concerning the financialization of philanthropy, see our 2024 edition of Gilded Giving.

*Tax benefits for political giving*

As we noted above, OB3 kept in place the sharply discounted top rate of 20 percent on long-term capital gains. Even those low rates, however, only apply when the wealthy sell appreciated assets. If they donate those to a public charity (including DAF sponsors), not only do they avoid having to pay taxes on the gains — they can claim a tax deduction based on the appreciated value of the assets.

As Rep. Judy Chu and Sen. Sheldon Whitehouse noted when they introduced the End Tax Breaks for Dark Money Act, while "the tax code allows a write-off if appreciated assets are donated to a charity, Congress explicitly prohibited this tax break from extending to political organizations like PACs. But by donating appreciated assets to a 501(c)(4) organization, wealthy donors can avoid taxes entirely, receiving a public subsidy for funding dark money political organizations." What's more, new research suggests that the most politically active 501(c)(4) groups also time their investment income and political spending to further avoid taxation.

Not only did OB3 fail to close this loophole, but billionaires have used this tax-avoidance strategy to inject extraordinary sums into shaping our political system to elect candidates of their choosing and pass or defeat ballot measures.

This year California is a case in point: Alongside numerous contested candidate races, a fierce battle is underway over a ballot initiative that would impose a one-time tax on billionaire wealth. Founded as a 501(c)(4) organization by Sergey Brin, Building a Better California has been a key player in that fight, launching its own ballot measures to undercut the wealth-tax proposal. According to *ABC* reporting, the group had raised more than $118 million from 10 donors by the start of June, more than half from Brin with still more flowing. Contributions to (c)(4) groups aren't in and of themselves tax deductible, but they are not subject to either gift or capital gains taxes, and the group's operations are tax-exempt. In effect, ordinary taxpayers absorb some of the cost of billionaires' advocacy.

## Capitulation

The current presidential administration has made no secret of its desire to vanquish its ideological enemies — including by targeting nonprofit "networks" and institutions that house them. Major grantmakers have been *far* too comfortable capitulating to the administration's priorities, whether through silence, pivots, or straight-up appeasement.

The administration has continued to ramp up pressure on funders and nonprofits to curtail activities it now defines as "illegal", even absent any new statutes. This has the effect of instilling fear among funders, and caution in supporting groups and programs targeted by the executive branch and fiery Congressional hearings.

*The Southern Poverty Law Center debacle*

This spring, the Justice Department filed what most saw as highly suspect and politically motivated charges of financial fraud against the Southern Poverty Law Center (SPLC). Shortly afterwards, DAFgiving360, the donor-advised fund sponsor affiliated with financial services giant Charles Schwab, and also known as Schwab Charitable, blocked donors from making grants to the civil rights group.

DAFgiving360's move followed similar actions by the DAF affiliates of Fidelity and Vanguard, the other major commercial firms whose DAF sponsors now dominate the field: Together, they ranked as three of the top five U.S. public charities receiving the most contributions in 2024. All three sponsors have come under sharp criticism for capitulating to the Trump Administration's mounting attacks on opponents, but DAFgiving360's action had an especially hypocritical air: They have funneled nearly $600 million to the 85 Fund, a charitable conduit of Leonard Leo, one of the country's most influential conservative legal strategists and kingmakers. DAFgiving360 has supported Leo's slush fund — making it among the sponsor's top five grantees each of its last four fiscal years — even as he came under investigation for enriching himself by using money from the charity and other nonprofits he controlled to pay tens of millions of dollars to his own consulting business.

According to the *New York Times,* a spokesperson for DAFgiving360 said, "If a governing body of a charity declares an investigation into a charity it oversees, DAFgiving360 may suspend grants to the organization." By applying its guidelines inconsistently, DAFgiving360 has given credence to accusations that cutting off SPLC is a politically motivated choice. By choosing to withhold grants based on the preferences of a corrupt administration, they deprive donors of their own voice and determine a great deal about what remains of our civil society.

*Third party lawsuits*

Additionally, third party lawsuits have led funders to capitulate. Since the 2023 Supreme Court decision ending race-conscious admissions at colleges and universities, conservatives have sought to widen the scope of the ruling to include a much wider array of race-conscious programs. Even before the new Administration came into office with its pronouncements that DEI must be illegal, a lawsuit by the American Alliance for Equal Rights (AAER) led to the shutdown of a private firm's grant program for Black women business owners. More recently, AAER filed suit against a scholarship program of the Congressional Black Caucus Foundation. And the American Medical Association Foundation removed references to a scholarship program from its website after the group Do No Harm filed a complaint with the IRS.

AAER also filed a complaint with the IRS alleging that the Gates Foundation engaged in illegal discrimination by offering a scholarship for underrepresented identity groups. In response, the Gates Foundation changed the eligibility requirements and removed race as a criterion.

*Silence and censorship*

The National Committee for Responsive Philanthropy found that 73 percent of top foundation funders responsible for 60 percent of all their funding had remained silent about mounting authoritarian threats as of last summer. These "self-censoring" foundations from the 773 analyzed within Candid's Foundation 1000 data set account for $30 billion in giving each year, ranging from $15,000 per year to over $1 billion.

One in twelve foundations, responsible together for $1 out of every $5 given ($5.7 billion per year) and nearly $1 in every $4 given for marginalized communities, have made changes to their websites that seem to be attempts to comply in advance with arguably illegal executive orders that attempt to forbid "promotion" of diversity, equity, and inclusion in the social sector.

*Trump Accounts*

In December of 2025, Michael and Susan Dell made a historically large pledge of $6.25 billion to launch and augment the "Trump Accounts," government accounts furnished with $1,000 (and an extra $250 from the Dells in poorer zip codes) for each child in America. The gift drew intensive praise from the President and his Treasury Secretary Scott Bessent, who cast the endeavor as core to Trump's legacy. In contrast to the "amorphous" Giving Pledge — Bessent said at the DealBook Summit, per *Fortune* — the Trump Accounts are meant to polarize young Americans against handout-philanthropy and thwart hatred of billionaires by giving them a stake in the "shareholder economy." Bessent believes the accounts may stymie young peoples' desire to "bring the system down" if they stand to gain from the market succeeding.

The administration hopes that corporations and other philanthropists will join in and juice the accounts' values together. Bridgewater's Ray Dalio has already committed to fund Connecticut's children, as other individual funders have for children in Hawaii, Wyoming, and Indiana; Nicki Minaj has pledged contributions for the children of her fans; and there's been a concerted effort to allow stock donations to the 503A accounts.

As Andrew Ross Sorkin reports in the *New York Times*, the upsides echo those offered by giving to other intermediaries like DAFs: "Donors could offload billions of dollars' worth of hugely valuable stock without realizing capital gains, and also receive a full charitable deduction for the stock's fair market value. It further minimizes their tax liability while also providing philanthropy."

Beyond being beneficial to donors' tax bills, the spectacle surrounding the Dells' founding gifts to the Trump Accounts demonstrates a culture of capitulation shared by America's biggest donors. It's not entirely public what kind of charitable or financial vehicles the Dells are using to transfer their gifts, or the extent of the tax benefits they themselves will accrue — but their favor with the White House can't be overstated.

"Go out and buy a Dell computer," President Trump said in the Oval Office, raising the company's stock 7 percent on the spot.

*The hard-pivoting Chan-Zuckerberg Initiative*

After the 2020 election, Meta CEO Mark Zuckerberg became the focus of conspiracy theories claiming that his funding of election administration efforts swung the 2020 election to President Biden. More recently, Zuckerberg and Chan have drawn criticism for how their grantmaking has appeared to shift away from racial justice and other "liberal-coded" priorities in tandem with Meta's abandonment of internal factchecking and diversity, equity, and inclusion practices.

"Internally, employees say," reports Emily Shugerman for *SF Standard*, "leaders have made clear that the change is a reaction to the Trump administration and a desire to avoid undue attention from Washington." The Initiative "scrubbed all mention of housing affordability and economic inclusion from its website, along with a section on its diversity, equity, and inclusion programs," and deleted the component of their mission stating they sought to "build a more inclusive, just, and healthy future for everyone."

*Right-wing groups fund, benefit from, and enact the wishes of the administration*

Many of the wealthiest donors and foundations have enthusiastically supported — indeed, helped develop and implement — the administration's agenda.

DeSmog identified over $120 million to the Heritage Foundation and other groups that created Project 2025 — the blueprint for the second Trump Administration's agenda. And Issue One tracked $590 million in contributions from 2020 to 2024 to groups pushing the false narrative that vast numbers of noncitizens are voting in U.S. elections. At the top of the list? $328 million funneled through DAFs at Schwab Charitable (now DAFgiving360).

The America First Policy Institute (AFPI) has grown dramatically since launching after the first Trump administration concluded as a nonprofit home for out-of-office allies of MAGA. They are lead conveners of the America 250 Civics Education Coalition in partnership with the Department of Education, led by Linda McMahon, who served as the chair of the board of AFPI. Many other AFPI employees now hold positions in the federal government.

The National Park Service has been a key canopy for nonprofit funds under the second Trump administration. The National Park Foundation, a nonprofit chartered by Congress that receives federal funding, serves as a fiscal sponsor for Freedom 250. As mentioned above, experts cited by Gabe Kaminsky of *CBS News* caution that this arrangement could be scrutinized by the same "Fiscal Sponsorship Transparency" legislation that Congressional Republicans hope to use to crack down on their opponents.

The Trust for the National Mall is a separate 501(c)(3) vehicle affiliated with the National Park Service and has received $400 million and counting in contributions for Trump's ballroom construction project. Tech, defense, and crypto firms lead the pack, and have not denied quid-pro-quo solicitations. As of November 2025, Public Citizen reported that two thirds of documented corporate donors to Trump's ballroom have federal contracts, and a majority are facing or have faced "federal enforcement action." And "the companies and wealthy individual donors have invested gargantuan sums in combined lobbying and political contributions, totaling more than $960 million during the last election cycle and $1.6 billion over the last five years."

Senator Elizabeth Warren and Congressman Robert Garcia introduced the Stop Ballroom Bribery Act to restrict donations from individuals and corporations with conflicts of interest, institute lobbying freezes for donors, and require transparent disclosure of donors — steps that the administration has thus far refused.

## Solidarity

Not all funders are accumulating and capitulating: Some individual and institutional grantmakers are modeling creative, strategic, and bold kinds of giving and speaking out that more adequately meet the moment, particularly addressing the direct threats to democracy. But these practices are far too rare.

It is not yet possible to grasp the extent of more urgent, responsive funding practices since the start of 2025 — and a significant portion of funders and grantmaking institutions prefer to keep a low profile for fear of retribution. Our team expects to be able to paint a clearer picture of how and how much solidaristic giving — to defend and expand democracy — has flowed since Trump's re-election within the next few years but we feel it is crucial to document what is publicly available now.

### Backstopping slashed federal funds

Following catastrophic cuts to public funding for global health, public services, and the social safety net — which, in more normal conditions, philanthropy should supplement, *not* substitute for — numerous grantmakers have stepped up and provided funding.

*Healthcare, food, and global aid*

While noting last spring that "funders have been slower to react to the looming healthcare crisis triggered by Trump's budget cuts than they were to COVID," *Inside Philanthropy*'s Katherine Don pointed to innovative responses from a range of community foundations.

California Community Foundation, for example, supported "emergency food assistance, healthcare enrollment, housing stability and the legal services that help families navigate a rapidly shifting landscape." Coastal Community Foundation of South Carolina announced "a collaboration with Trident United Way and Palmetto Goodwill to commit $340,000 in rapid-response funding for those impacted by the lapse in SNAP benefits during the federal government shutdown." Chicago Community Trust mobilized over $16 million to meet "rising costs, economic uncertainty, neighborhood disruptions from increased immigration enforcement actions, and changes in federal funding."

On the international level, the Administration's decision to close the U.S. Agency for International Development (USAID) has been among its most devastating attacks on non-governmental organizations and public health: It has likely cost hundreds of thousands of lives. As of last summer, the Organisation for Economic Co-operation and Development (OECD) estimated that global "health funding could drop by up to 60 percent from its 2022 peak," with cuts worth billions of dollars across the world, not just due to the United States. While private foundations and donors were able to raise $125 million to support aid programs whose support from USAID had been cut, Gates Foundation CEO Mark Suzman told *TIME*: "We cannot possibly make up the slack of the government cuts."

In 2025, Bill Gates himself bluntly criticized DOGE mastermind Elon Musk: "The world's richest man has been involved in the deaths of the world's poorest children."

The Gates Foundation has committed to an aggressive spend-out, planning to more than double their previous annual outlay and granting $200 billion more by 2045. Much of this will be allocated to global health, and Teddy Schleifer of the *New York Times* reports the foundation is trying to get more givers on board: their "team that oversees the Giving Pledge has refocused its work away from issue-agnostic philanthropy toward explicitly raising money for global health programs, largely to make up for Trump's cuts to global health funding, according to several people briefed on the matter."

*Public media*

In April of 2025, foundations including Knight, Ford, MacArthur, Schmidt, Robert Wood Johnson, and Melinda French's philanthropic LLC Pivotal Ventures came together to fund what they call the Public Media Bridge Fund, an effort to raise $50 million to compensate for $500 million in cuts to public broadcasting. Upon their launch, these foundations had together pledged $27 million, "focused on the scores of public radio and TV stations that have historically received more than 30 percent of their support from the Corporation for Public Broadcasting, a taxpayer-backed company that announced it would shut down because of the funding cuts," reports Benjamin Mullin for the *New York Times.* And in April, *NPR* announced that it had received two of its largest gifts ever, totaling $113 million.

Unfortunately, the sudden and drastic cut in U.S. support for international independent media is likely to have a more devastating effect, reports the Carnegie Endowment.

**Fighting cutbacks and corruption in the court**

Funders including the Minneapolis Foundation and Philanthropy Northwest successfully sued the EPA, restoring $180 million that the EPA unlawfully terminated in congressionally authorized funding for environmental and public health projects under its Thriving Communities Grantmaking Program.

Democracy Forward, which convenes a legal network of nearly 700 organizations that has taken over 600 legal actions against the Trump administration, touted that their work has given the president a 70 percent loss rate as of January 2026.

The American Civil Liberties Union, for their part, asserts their own 64 percent win-rate across hundreds of lawsuits "delaying, diluting, or defeating the Trump agenda." The 501(c)(4)'s revenue increased by over 55 percent to $222 million in 2025, an influx of $79 million in donations since Trump's re-election.

Resistnow.net estimates that total funding for litigation against illegal or repressive federal actions has reached over $1 billion. Major funders of Democracy Forward, the ACLU, and other legal efforts include the Sandler Foundation, founded by Giving Pledgers Herb and Marion Sandler; and the Open Society Foundations, founded by George Soros and led by his son Alex.

All these investments are crucial — but, absent more participation across philanthropy, are inadequate by several orders of magnitude.

**Supporting movements**

Some funders make grants to build social movements and their infrastructure. These grants are geared towards — in the 1963 adage of Martin Luther King Jr. — tackling the "circumstances of economic injustice which make philanthropy necessary."

*How much does philanthropy give to movements?*

Estimating the proportion of philanthropic gifts that resource grassroots movements and progressive social change work is notoriously difficult. For the last few decades, researchers have placed that figure between two and four percent.

Is this range of giving to social movements still fair to estimate? It's challenging to tell, but such an estimate feels high to our team members and experts to whom we have spoken. The U.S. Democracy Hub's database reports a total for "Organizing and Movement Building" at just $2.9 billion in revenue for groups in the sector in 2024, which includes right wing groups and (c)(4) and (c)(6) dollars.

Other research organizations help inform this assessment more. The National Committee for Responsive Philanthropy (NCRP)'s *Pennies for Progress* and *Rise of Regressive Philanthropy* reports show that funding for LGBTQ+ and immigration rights has declined while funding *against* these communities has increased in the first years of the 2020s. "When you look year over year it shows funding for social movements to be reactionary, not long-term or sustainable," NCRP's Katherine Ponce told us.

In their October 2022 report *A Ripple, Not a Wave*, the NCRP team found that even though foundation funding had quadrupled since 2011, any bounce in their funding for pro-immigrant and pro-refugee movement groups during the first Trump presidency ultimately decreased by 11 percent as a share of funding over the course of the decade. Out of every 100 dollars a foundation donated during this time span, they estimated that only 40 cents went to this cause. Separately, NCRP found that between 2020 and 2022, over 3,500 right-wing funders channeled over $1 billion into "about 150 nonprofits that advocate purging people from the voting rolls, restricting vote-by-mail or early voting, removing drop boxes, and other ways of making it harder for people to vote."

For their part, the Democracy Fund estimated that a high estimate of $3.4 billion given each year to democracy-related programming from 2021 to 2022 would have accounted for only 0.7 percent of all philanthropic funding in the country that year.

Typically, when researchers isolate grassroots organizing or movement-building specifically — as opposed to broader "progressive" or "social justice" activities — the percentage collapses to under 1 percent of total giving in that field.

**Based on this incomplete data we estimate that giving to progressive social change work lies somewhere in the low single-digit percentage points: 1-3 percent of total giving, and certainly under 5 percent.**

*Case study: Solidaire Network and movement protection*

The progressive donor collective, Solidaire Network, has launched several movement-led funding projects to confront the Trump administration's assault on progressive social movements and advocacy organizations.

To stand with threatened activists and organizations where most needed, Solidaire's Janisha R. Gabriel Movement Protection Fund has funded $22.3 million since 2020 in security services, training, and immediate aid. In line with Solidaire's experimental giving strategy, the fund directly and quickly addresses activists' needs without strict reporting requirements and top-down organizational restrictions.

In response to climate disasters, targeted harassment, and online exposure, the Fund mobilized millions in safe housing relocation and online scrubbing for threatened activists. In the face of intimidation at the polls and from new restrictive state policies, they bolstered 15 electoral justice organizations' safety training and equipment. They have protected the identities of all their grantees, prioritizing safety for movement leaders over advertising or image.

The fund is exemplary for quickly meeting activists' emergent needs so they can continue their work without endangering their livelihoods, especially those targeted while working for racial justice, immigration justice, and anti-imperialist advocacy. Non-profit organizations led by leaders of color are reporting severe pressures to censor their language and mission statements, along with losing significant portions of their budgets in state and federal funding cuts. By stepping in with immediate capacity-building and security funding, Solidaire helps ensure activists and nonprofit leaders do not have to temper their missions in the face of political threats, or cave to all-too-common donor pressure.

In line with this mission, in 2024 Solidaire cofounded the Block and Build Funder Coalition, a network that responds to escalating government investigations of non-profits engaged in pro-Palestinian activism. Member organizations coordinate funding organizations that face investigations and potential loss of their nonprofit status, bucking philanthropy's traditional trepidation towards politically threatened activism out of fear of losing prestige and power.

Block and Build's direct organizing relationships with persecuted and surveilled activists allow donors to immediately respond to movement organizations' legal and infrastructure needs. Meanwhile, the coalition pushes donors for spend-down and spend-out commitments, deconditioning grants, and broad- and long-term funding across issue areas.

**Defending democracy**

*Countering voting rights attacks in Ohio*

In June, the FBI raided the offices of the Ohio Organizing Collaborative (OOC), a statewide voting rights group, and questioned employees and supporters at their homes. The pretext for the raid was suspicion of voter registration fraud, but the OOC sees their targeting as "the latest effort from those in power to silence individuals and organizations they disagree with. Even for groups that have done nothing wrong, the intrusive investigative process is the punishment. They want to scare people from volunteering, donating, and participating in our democracy."

Democracy Fund President Joe Goldman laid out the significance of the raids in the broader context of the administration's attacks on voting:

> "The indictment, the raid, the deployment threats, and the demands for unredacted voter rolls from dozens of states are not a series of unrelated events. They are a coordinated effort to raise the cost of every part of the democratic process, from running a nonprofit to registering a neighbor to showing up on Election Day. President Trump [has] raised the specter of widespread election fraud and manipulation, while his administration dismantles the institutions responsible for identifying and preventing threats. The only reasonable conclusion is that manufactured fears of fraud are being used to expand political control over elections."

As part of the response to the raids, Movement Voter Project set up the Ohio Democracy Defense Fund to support OOC and pro-democracy organizations in the state that are defending the right to vote. **As Freedom Together Foundation President Deepak Bhargava explained:**

> **"Authoritarian leaders fear organized people. Their goal is to make democratic participation feel risky and collective action feel costly. That effort succeeds only if we let people and organizations stand alone. The path forward is not fear, but solidarity with the organizers, communities and institutions working to strengthen democracy every day."**

How are major funders responding to the crisis of government and democratic backsliding? Bhargava and Goldman, mentioned above, are both leaders in intra-philanthropic efforts to increase and organize funding to fortify a multiracial democracy. Examples of this work are evident throughout this report, particularly in the forthcoming section on boosting payout. Many projects to defend and expand democracy have drawn attendant bolder funding commitments.

*All by April*, led by Goldman and the Democracy Fund, estimates that they drummed up $200 million in donations to election- and democracy-protection efforts well in advance of the midterm elections. They are a non-partisan effort to get funders to make "all or most election-related funding commitments by April." All by April also encourages making earlier payments, speeding up grant approvals, and providing multi-year general support.

*Unite in Advance* is a self-described "solidarity sign-on campaign" launched in April 2025 by the presidents of the McKnight, MacArthur, and Freedom Together Foundations — Tonya Allen, John Palfrey, and Deepak Bhargava, respectively. They seek to defend philanthropy's "freedom to give" against government attacks, citing the First Amendment's protection of free speech and association. Over 700 foundations with varying missions have joined the effort, committing to "stand up against illegitimate and illegal attempts to limit our rights and actions," speak up to defend fellow foundations and "every grantee and family impacted by nonprofits whose survival may depend on our courage," and to give more if they can "afford" to.

Unite in Advance has issued joint statements, including one with the Council on Foundations explicitly focused on donor freedom, and another to "reject attempts to exploit political violence to mischaracterize our good work or restrict our fundamental freedoms."

*"Prudential pluralism"*

The desire to protect philanthropy's autonomy to give to their discrete priorities is shared across the political spectrum. Lawson Bader — the leader of the DonorsTrust charitable intermediary, which *MotherJones* has called the "dark money ATM of the conservative movement" — cautioned against legislation to politicize nonprofit tax benefit receipt. In a December 2025 statement:

> "Revoking a nonprofit's tax status over political disagreement — regardless of the party in power — would not only overstep legal limits but dangerously politicize civil society. History teaches that when politicians exploit the tax code to punish ideological opponents, civil liberties suffer… targeting charitable status through executive fiat —whether from the right or left — is an affront to the pluralism and freedom that make our civil society uniquely American."

Historian and Urban Institute researcher Ben Soskis has named today's cross-ideological convergence "prudential pluralism." This is "an approach to the defense of civil society, marked by diverging interests, ideologies, and values, grounded in the sense that, even if one's own allies are not currently under threat, in the future, they may be, given that one attack can license or precipitate another."

There are a few problematic assumptions underlying the belief that this "do unto others" view of philanthropy is realistic or operable. Craig Kennedy of the conservative *Giving Review* outlines some: "that the current state of the charitable sector is generally okay and that any problems can be fixed through existing enforcement mechanisms"; "that the current system does not have serious structural flaws"; and "that all parties will honor the ceasefire even when they have the ability to go after the other side."

Critics across disciplines wonder if assertions of the importance of pluralism alone — even from before this administration's heightened attacks on nonprofits — serve to deflect from real criticism of the sector, and to obscure systemic flaws like structural incompatibility with grassroots movements and inbuilt incentives to hoard wealth and power.

**Boosting payout**

Near the outset of the COVID-19 crisis Dimple Abichandani, then Executive Director of the General Service Foundation, described how her foundation adapted their spending process to include wider factors relating to mission and moment. As she put it, "traditional spending policies often rely on a limited set of data and outdated assumptions, and taking them for granted can deprive foundation trustees and decision-makers of the vital opportunity to engage a range of relevant factors when making that crucial decision."

As Joshua Mintz and Emma Hagle of the John D. and Catherine T. MacArthur Foundation note in a memo for foundation boards on perpetuity, "Although a foundation may be intended to exist in perpetuity, it is far from clear that its assets' purchasing power must be preserved indefinitely — or even when that preservation should begin. A foundation that in today's terms is worth $8 billion and spends more than the minimum amount and therefore drops to $5 billion is still able to exist in perpetuity and make a difference for future generations."

That flexibility alongside the IRS' generous payout rules go a long way towards mitigating the "risk" foundations face — especially compared with the existential risk their nonprofit grantees face every day. Most grantees operate with only months of financial reserves. An administration that targets them with a loss of government funding *and* the threat of lawsuits or even criminal prosecution compounds their sense of peril.

In fact, researchers are seeing a trend in the numbers of existing or newer foundations moving away from the perpetuity model. Writing just before the COVID pandemic, Ruth McCambridge of *Nonprofit Quarterly* noted "a shift toward entertaining shorter time frames for the philanthropic spending of personal fortunes," citing a report from Rockefeller Philanthropy Advisors that suggested "the number of time-limited foundations, sometimes referred to as "spend-down foundations," is gaining on those organized to give in perpetuity."

A paper from the Johnson Center for Philanthropy last January entitled "More Foundations Opt for Planned Lifespans and Spend-Down Strategies" observed a similar trend: "New research by the National Center on Family Philanthropy (2025) found that in the past five years, the number of family foundations in active spend down rose from 9 percent to 13 percent and that more than 28 percent were considering it."

With that understanding, funders face a moral question: Do the times demand an approach where any financial risks to the foundation are more than outweighed by the costs of inaction to both its own constellation of grantees and to society as a whole? Is the risk of not acting greater than the risk of acting? Increasingly, funders — more, but still not enough of them — are answering that question: “Yes.”

*Payout increase campaigns*

In early 2025, Palfrey spearheaded the Set it at Six campaign, publicizing that the MacArthur Foundation would be raising its payout one percentage point above the 5 percent threshold maintained by most elite foundations through 2028. Palfrey reports the foundation granted $60 million more than they originally budgeted in 2025, using “flexible, trust-based models” “where possible,” and focusing new gifts on defending democracy, climate action, criminal justice reform, and local journalism. They chose 6 percent as a “floor” because it “balanced the urgency and stakes with our fiduciary duties.”

Set it at Six encourages other charitable intermediaries and DAF holders to follow suit. Foundations unsure of how to increase their grantmaking can copy MacArthur’s example, Palfrey suggests, by increasing their draw from their investments and issuing “social bonds.” In response to status quo concern about having less money to disburse later, Palfrey writes, “reframe the question and think about it from another angle: if we spend less now, will we have to spend more later to get the same or greater social results? Instead of thinking about how many dollars we have in the bank, think about the social return on those dollars spent today compared to the social return on the same dollars in the future.”

The “Meet the Moment” campaign — led by the Trust-Based Philanthropy Project, the National Center for Family Philanthropy, and Grantmakers for Effective Organizations — asked signers to increase their unrestricted grantmaking, boost payout by an unspecified amount, and stand with nonprofits. By April 2025, “Meet the Moment” had garnered 79 signatories, 10 anonymous to the public. Alex Daniels of the *Chronicle of Philanthropy* reports that tally was a “slower start than expected.”

Advocating a slightly higher payout commitment is the Level Up Pledge, organized under Change Philanthropy at the end of 2025. Under its auspices, over 40 organizations have signed on to increase their grantmaking by 20 percent or more, *or* hit an endowment payout rate of over 8 percent, sustained for at least two fiscal years. That money should ideally be moved “quickly, flexibly, and more equitably to communities most impacted by injustice.” For accountability, organizations will share their 990 forms with the Pledge’s research team, led by the National Committee for Responsive Philanthropy, who will track and verify increases. As per the *Chronicle of Philanthropy* in December 2025, organizers estimate that Leveling Up will “unlock at least $200 million during each year of the campaign.”

The signatory rate is notably lower than for other meeting-the-crisis-moment messaging campaigns, which NCRP leader Aaron Dorfman attributes to "fear of reprisals."

*Bold spend-down-and-out commitments*

But some foundations are not only temporarily increasing payouts: They're pledging to spend down or out entirely. Taking commitments to increasing payout further is the Marguerite Casey Foundation (MCF), whose President Dr. Carmen Rojas was recently profiled in *TIME*'s list of the most influential philanthropists: "Rojas' philanthropic mantra is 'If not now, when?' Rojas made waves in 2025 by challenging foundations to stop hoarding their endowment funds," the magazine reports. "The daughter of a Venezuelan union truck driver father and a Nicaraguan bank worker mother, she encouraged her fellow grant makers to move money 'like it's our only job' in response to federal funding cuts and threats to nonprofits."

The Marguerite Casey Foundation committed "to raise its own annual grant making from around $30 million most years to $130 million in 2025," drawing from their endowment in a manner most foundations would balk at. "The foundation prioritized donating to groups on the frontlines — nonprofits that offer immigrants safety and services and those that support journalism, as well as tenant unions that address housing concerns and community organizations that are committed to fighting for racial and economic justice."

**Even shouldering a higher payout, "Rojas notes the foundation's endowment didn't even take much of a hit: MCF started January 2025 with $870 million and ended the year with well above $800 million, the foundation says. It's proof, Rojas says, that foundations can make strategic, values-aligned investments, serve communities in crisis, and still maintain their own financial security."**

Another foundation increasing their payout: the Freedom Together Foundation, which announced in February 2025 that it would spend at least 10 percent of its endowment. "We're moving to provide rapid response grants to communities and organizations under attack. We're backing groups that are defending democratic norms, as well as supporting safety and security initiatives for organizations under threat. And we're doubling down on long-term strategies to get at the roots of the democracy crisis," wrote foundation president Deepak Bhargava, who, as mentioned above, helps spearhead the Unite in Advance coalition.

In addition to funders like MCF, others have consciously made the decision to sunset or to accelerate their process of sunsetting. One such example is the Stupski Foundation, whose CEO Glen Galaich was also profiled in *TIME*:

"In 2025, the Stupski Foundation — which supports health, food security, and postsecondary education in Hawaii and the Bay Area — announced it was accelerating the process 'in response to threats to our communities,' awarding 76 percent of its remaining grant funds that year. By the time Stupski closes its doors in 2029, the foundation projects that its total payout will hit $581 million, a far cry higher than the $176 million it would have spent in the same time period by sticking to the 5 percent annual standard."

Galaich recently published a book, *CONTROL*, that details his journey to detach from deeply held values of control in the charitable sector and among elite funders. He successfully oriented the Stupski Foundation's mission towards spending down against the currents of institutional culture. **Inspired by his example and the tactics laid out in *CONTROL*, Galaich reported to the Charity Reform Initiative that funders have pledged additional *billions* to accelerate their giving over years to come.**

### Aligning investments with mission

Another way philanthropists are expressing solidarity with those affected by extreme wealth inequality? By aligning 100 percent of their endowments with their missions. This is critically important now, as attacks on responsible investing mounted by extractive industries and their allies have heightened dramatically.

The Trump administration has made no secret of its antipathy for using Environmental, Social, and Governance (ESG) and Diversity, Equity, and Inclusion (DEI) standards in corporate investing. At the end of 2025, the president signed an executive order called "Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors," directing the Securities Exchange Commission to strip power from proxy voting advisors and crack down on ESG and DEI mandates that proxy voters support. "These proxy advisors regularly use their substantial power to advance and prioritize radical politically-motivated agendas… even though investor returns should be the only priority." The House Judiciary Committee has also investigated proxy voting groups like As You Sow for potentially violating antitrust laws.

This executive order, along with comprehensive regulatory rollback, shows that the administration not only refuses to use its muscle to keep corporations accountable: It actively attempts to undermine corporations' and investors' own efforts to do so. How philanthropic institutions invest their own endowments, then, is particularly consequential. As Wallace Global Fund CEO Ellen Dorsey posed in *Alliance Magazine*: "Instead of only asking how can we have positive impact, we might instead inquire if we are driving harm with our traditional investment practices and our corporate holdings. Are we violating our fundamental mission to serve the public good for which we receive charitable tax status?"

Fidelity conducted a survey of 100 nonprofit leaders in August 2024 that revealed a chasm between intention and practice: While 43 percent of organizations represented reported aligning their investments with their mission as a top priority, only 8 percent had done so. The U.S. Sustainable Investing Trends report for 2025 and 2026 assessed that sustainable assets under management were valued around $6.5 trillion, or around 11 percent of the U.S. market size.

Imagine if *all* charitably earmarked assets — worth over $2 trillion — could be counted towards that total.

*The win-win of mission-aligned investing*

The Wallace Global Fund, in addition to the Park Foundation and the Educational Foundation of America, are fully fossil-fuel free and use ESG factors to mitigate risk and outperform in their portfolios. By As You Sow founder and investment director Tom Van Dyck's account in an interview with the Charity Reform Initiative, the latter two foundations have been consistent "top decile" performers across 1-, 3-, 5-, and 10-year windows through the end of 2021, and he expects them to stay near the very top this year and likely next. They generate higher returns than virtually every endowed institution, including every Ivy League university.

This long-term success of fully divested institutions convinces Van Dyck that these foundations could sustain a 10 percent payout rate, indexed to inflation, and still exist perpetually. Van Dyck believes that foundations that take an incremental approach to their transition to mission-aligned investing — committing to 10 percent now, or half in a few years — are both dawdling and willfully underperforming. He analogizes this behavior to "going back to using typewriters instead of computers."

Beyond fossil-fuel screening, Van Dyck feels strongly that diversity in management teams and the broader workforce generates reliable returns. He mentioned the National Association of Investment Companies "examining the returns" series, which has shown consistent outperformance tied to diversity and inclusion factors, arguing this has been a consistent mechanism for years.

Responsible investors should also advocate for and model more rigorous disclosure. In the current lax regulatory environment, bad corporate behavior like treating carbon as a non-pollutant or taking companies private to escape the SEC's 8-K and 10-K reporting requirements becomes unmeasurable and unaccountable. "People who cheat externalize costs off the balance sheet and make money, more than people doing it the right way," Van Dyck told the Charity Reform Initiative. The administration is dismantling existing accountability mechanisms: The SEC is unwilling to enforce whether proxy-voting outcomes appear in company statements, and there's been a broader gutting of oversight and reporting requirements.

*Case study: Wallace Global Fund and Divest-Invest*

Investment and grantmaking strategy can and should augment each other. **Wallace Global Fund**'s climate justice grantmaking supports communities most threatened by climate change in building and controlling their own renewable energy access, climate resilience infrastructure, and movement strategy. But instead of just focusing on meeting immediate needs, or tired conservation or mitigation frameworks, their grants aim to redistribute political and economic power to people fighting for a fairer, greener global economy, capable of directly challenging the

fossil fuel industry. And these grants are disbursed from an endowment that is completely fossil fuel-free: They are invested in community-owned clean energy, building wealth and productive capacity for the public good.
The fossil fuel-dependent economy and the corporate-led green transition contribute to extractive and inequitable relationships, especially in the Global South. To address this, the Wallace Global Fund (WGF) has formed longstanding and close relationships with activist leaders on the ground, driving long-term funding and co-organizing commitments, such as with their partners Shine Collab and Madre: international ecofeminist organizing networks fighting exploitative economies for pathways to sustainable development. In South Africa, WGF has partnered with Shine Collab and Earthlife Africa on the women-led Soweto Center, which serves as a base for engaging new organizers and community members on just transition projects and incorporating renewable technologies.

While supporting local and global infrastructure, Wallace Global Fund has also backed advocacy campaigns like the American Sunrise Movement and South African Life After Coal. These movements pressure governments for more robust investments in renewable energy while building worker power.

In the early 2010s, student activists sought to target the fossil fuel industry's lobbying and media influence leading to government inaction, protesting for their universities to divest from fossil fuels in their endowments. WGF funded early critical research, analysis, and convenings to support campaigns that could replicate at college campuses around the country.

Through their divestment theory of change, WGF at once polarized the public against the fossil fuel industry, put powerful institutions on notice, *and* built power for green alternatives and young leaders around the world. As common sense shifted, activist fervor spread to the broader financial sector and public funds, and WGF continued to invest in organizing for divestment at new growth edges. They funded groups like 350.org to connect and coordinate international campaigns, and the Carbon Tracker Initiative to demonstrate to asset managers the financial unsustainability of holding investments.

They then helped launch Divest-Invest Philanthropy in 2014, a mass movement eventually involving over 200 philanthropic partners to cut off the fossil fuel industry's outsized political and financial power from the roots by divesting billions of dollars in assets.

A 2021 study reported that the broader Divest-Invest movement had divested endowments worth nearly $40 trillion from fossil fuels over ten years. WGF and other divesting philanthropies recognize their power as investment houses, not just donors, to stand against destructive industries and shape a more sustainable economy. And even though WGF was willing to prioritize experimental power building over return on investment, their investment returns are high for the sector.

*Organizations to know in mission-aligned investing*

As You Sow's mission is to "use the power of shareholder advocacy, coalition building, and innovative legal strategies to promote environmental and social corporate responsibility." They issue an annual set of proxy voting guidelines to help institutional investors understand how they can wield their power to create more equity within companies and mitigate harm beyond them, Their screening projects can help investors understand their embeddedness in deforestation, the tobacco industry, unsafe food systems, prisons, fossil fuels, social inequities, you name it — and how to reorient towards climate resiliency, sustainable economies, and social justice.

Confluence Philanthropy is a global, membership-based "network of practice" that seeks to make "values-aligned investing" common sense within foundations and family offices. Their website estimates their members wield "$96 billion in philanthropic assets under management, and over $3.5 trillion in managed capital." Confluence hosts gatherings, supports and trains investment advisors, and publishes a robust library of research. They encourage members to use every tool in their toolbox to maximize power: "cash, proxy voting, shareholder engagement, program-related investing, screening public equities, and private equity."

Mission Investors Exchange is an impact-investing network for foundations and "mission-driven asset owners," helping nonprofit leaders navigate program- and mission-related investments. The network hosts events and webinars, publishes how-to guides and case studies, and, at their main conference this year, encouraged members to harness their ability to leverage risk as "catalytic capital" to benefit movements and inoculate against political attacks.

ImpactAssets has made $2 billion in grants and holds over $5 billion in assets under management as a nonprofit financial services firm. They run a unique donor-advised fund program built specifically for impact investing, and offer individuals, family offices, foundations, and corporations access to DAF accounts, their impact investment platform, and back-office and due diligence support. This model intends to keep capital allocated to DAFs from lying fallow before being granted out to working charities.

The Delta Fund, run by Brian and Katie Boland, is a donor-advised fund outfit committed to impact investing. The Bolands "support multi-faceted strategies that combine direct investment in equitable enterprises, dedicated field-building to create supportive infrastructure, and unwavering advocacy for new economic models and policies." With partners, they support the Unlock Ownership Fund, for "DAF holders and donors to provide catalytic capital to emerging impact investing funds to tackle race-based wealth inequality and improve wellbeing for families." The couple also actively questions the hoarding instinct in elite philanthropy and advocates for increased regulation of intermediaries.

# Blueprints for action

**Voluntary efforts**

Some commitments — voicing “concern” about democratic backsliding, tepid or time-limited payout increases, modest investing screens — actually cost funders nothing. But others distinguish funders willing to change behavior from funders managing their image.

Pledges alone haven’t been able to move the needle, so funders interested in countering oligarchy need to step up now. They must raise the standard for acceptable conduct *immediately* — increase payout to 10 percent a year at the very least, vigorously fund movements, and align *all* their investing with their missions — and support structural reform that turns today’s exemplary conduct into universal baseline expectations.

*What philanthropists can do now*

- Raise payout to at least 10 percent, and actively work towards spending-down or out
- Deploy those dollars more “quickly, flexibly, and equitably”: Make less restrictive, faster-moving grants from larger total allocations.
- Use a DAF sponsor that encourages moving money quickly and aligns with values, or
- Speak out against DAF sponsors that comply in advance and collaborate with political attacks on the sector.
- Commit to board independence.
- Cap or prevent personnel expenditures from counting towards that 10 percent.
- Post full 990 and 990PF public disclosure copies on websites, since the IRS now doesn't include key sections such as grants lists and other attachments.
- Align 100 percent of endowments and investments with mission, not just what’s paid out.
    - Honestly discuss whether investments are harming the public good, undercutting the work of grantees, or not being put to better use on *behalf* of the public good.
        - Focus on funding the most vulnerable
        - Focus on adaptation and resilience along with harm mitigation
    - Survey investment holdings and have board and staff scan environmental and human rights records.
    - Develop a statement of organizational principles as they apply to investments and dedicate resources to evaluating and changing their social impact.
    - Set a standard of return that adds social and environmental impact to your financial expectations and engage investment experts who are willing to adhere to your definition of responsible-yet-bold investing.
- Set a public target and timeline for the share of endowment in mission-aligned or impact-first vehicles, the same way payout commitments need to present a percentage and a deadline to mean anything — and get started *now*, even if imperfectly
- Engage in shareholder activism and maximize power as a proxy voter.

### Structural reform

The last congressional overhaul of philanthropic sector rules was in 1969, when wealth concentration was much lower than today. That framework created tax incentives for timely giving but also opened the loophole that ultimately enabled the commercial exploitation of donor-advised funds.

Today, efforts for legislative reform should aim to prevent tax-avoidance abuses, promote an independent nonprofit sector, and protect democracy from the undue influence of private wealth. The following list is slightly expanded from our executive summary above.

*The charity reform compact that all Americans should support:*

**Discourage the warehousing of charitable funds.**

*Donor-advised fund reforms*

- Require DAF payout within 3-5 years of donation.
- Allow tax deductions only after funds reach an operating charity, or limit deductions for complex assets to actual sale value.
- Exclude impact investments from counting toward DAF payout.
- Increase DAF transparency and reporting (including donor disclosure over $10,000).
- Prohibit perpetually endowed DAFs.
- Set firmer nonprofit-status requirements for DAF sponsors to prevent evasion of the public-support test.

*Private foundation reforms*

- Increase annual payout requirement from 5 percent to 10 percent.
- Reform payout exclusions (administrative overhead, DAF grants, impact investments).
- Require board independence.
- Ban compensating family members.
- Disallow mission-related investments from reducing excise taxes.
- Expand fiduciary duty to include mission alignment.
- Examine eliminating perpetual foundation status (or expand limited lifespan charters).
- Require identifying whether each individual trustee is independent.

**Build integrity.**

*New oversight system*

- Establish a Charity Reform Commission.
- Create a new Office of Charity Oversight (funded by foundation excise tax revenue).
- Provide free public access to *complete* public disclosure copies of nonprofit tax filings
- Give block grants to state oversight offices.
- Prevent the politicization of the IRS and fully fund its enforcement and auditing mechanisms.

*Transparency reforms*

- Prevent politicization of charities (preserve Johnson Amendment).
- Disclose donations to/from DAFs over $10,000.
- Shine light on dark money by requiring 501(c)(4) donor disclosure.
- Require 990 reportage of mission-related investments, and/or mandate disclosure of any investments *not* aligned with a foundation's stated mission, and require no minimum dollar threshold to catch all misalignment.
- Require the IRS to store and provide missing attachment data electronically.
- Reinstate the requirement that noncharitable nonprofits — any section 501(c) organization aside from 501(c)(3)s — must report their major donors to the IRS.
- Reinstate estimates of the annual cost of estate and gift taxes.

**Make giving fair — by fighting inequality.**

*Reverse top-heavy philanthropy and extreme inequality*

- Lifetime cap on charitable gift deductions ($500M recommended).
- Cap on charitable estate tax deduction (50 percent of estate recommended).
- Treat gifts of appreciated assets as sales subject to capital gains tax, and create a more rigorous process to estimate the value of donated complex noncash assets.
- Equalize tax treatment of (c)(4) and 527 gifts.
- Levy a wealth tax on DAFs and closely held private foundations.
- Restore and strengthen standards of fiduciary duty, with a plan ready for how, when and if executive branch leadership changes, government can build back from a gutted system.

*Broaden giving*

- Preserve the universal non-itemizer charitable deduction for all households.
- Restore the social safety net and global aid funding after disastrous austerity measures.
- Fairly tax and distribute wealth beyond the charitable sector to curtail the power of mega-givers in the first place.

For an expanded list of our charity reform recommendations, please visit our website.

# Methodology and Resources

Unless otherwise specified, all charitable financial information comes from an Institute for Policy Studies analysis of electronically filed annual charitable Form 990 returns, which are all publicly available from the Internal Revenue Service.

Private foundation payout is calculated as qualifying distributions (Form 990-PF, Part XI, Line 4) divided by net value of noncharitable-use assets (Form 990-PF, Part IX, Line 5) for the year in question.

Estimated additional revenue going to charity from raising foundation payout to 10 percent assumes that foundations currently paying out at less than this new requirement would raise their payout to meet the new requirement, and that foundations currently paying out at more than the new payout requirement or more would not change their behavior.

**Estimated additional revenue from raising foundation payout to 10%:**

| | |
|---|---|
| Estimated total additional amount going to charities in 2025 | $62,712,760,693 |
| Estimated total additional amount going to charities in 2026 | $66,252,731,861 |
| Estimated total additional amount going to charities in 2027 | $69,992,525,134 |
| Estimated total additional amount going to charities in 2028 | $73,943,419,948 |
| Estimated total additional amount going to charities in 2029 | $78,117,332,430 |

Estimated additional revenue going to charity from imposing a five-year payout requirement on DAFs assumes that no incoming contributions are given out as grants in the same year they come in, that all incoming and outgoing DAF contributions are paid at the end of the year, and that DAF assets would continue to grow at historical rates of growth. Estimates assume that under a five-year payout requirement, any DAF accounts currently paying out at zero percent would instead pay out at an average of 20 percent per year to meet the requirement. The proportion of DAF accounts paying out at zero percent in any given year comes from the DAF Research Collaborative's 2024 *National Study on Donor-Advised Funds*.

**Estimated additional revenue from requiring a 10% payout for DAFs:**

| | |
|---|---|
| Estimated total additional amount going to charities in 2025 | $14,807,380,827 |
| Estimated total additional amount going to charities in 2026 | $18,446,204,325 |
| Estimated total additional amount going to charities in 2027 | $23,047,028,224 |
| Estimated total additional amount going to charities in 2028 | $28,873,075,843 |
| Estimated total additional amount going to charities in 2029 | $36,260,734,276 |

To calculate the updated taxpayer expenditure of high-value donations, we factored the change in the maximum charitable income tax deduction from 37 to 35 percent into Professors Ray Madoff and Roger Colinvaux's original 2019 figure.

Revenue figures for trade-offs come from the National Priorities Project, Food Bank News, and public filing information documented by *ProPublica*'s Nonprofit Explorer.

Voluntary efforts blueprint informed by conversations with allies, experts, Ellen Dorsey's piece "Time to change the way we invest" in *Alliance*, and Confluence Philanthropy's investor recommendations.

*Resources for further learning*

**Political conditions**

Chart of Executive Orders Affecting Nonprofits, *National Council on Nonprofits.*

**Solidarity and strategy**

Building Resilient Organizations, Maurice Mitchell of the Working Families Party.
Bigger We Organizing, *Freedom Together Foundation.*
Money Power and Left Organizing Is in Crisis. Philanthropy Is a Major Reason Why, Nina Luo for *Dissent* and *The Nation*.
*Who Gives?!* and *Break Fake Rules*, Glen Galaich of the Stupski Foundation.

**Aligning investments with mission**

Recent Publications, *Confluence Philanthropy.*
Training programs for Wealth Holders, *CSP.*
Corporate Accountability Through Shareholder Action, *As You Sow.*
Impact Investing for Systems Change, *Stanford Social Innovation Review.*