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Charitable instinct lacking

Mercury News Editorial

The wealthy in Silicon Valley are the stingiest in California or, using another measure, next to the stingiest, when it comes to charitable giving, according to a new study.

The actual picture is probably a lot worse. The study of state tax data by NewTithing Group based calculations only on income-producing wealth, but a huge portion of wealth in the valley is derived from high-tech stocks that don't pay dividends. NewTithing, a San Francisco non-profit, must have substantially underestimated the assets of the richest 3 percent. That means they donate an even smaller portion of their wealth than the already paltry percentage that the study found.

Welcome, Emmett Carson. That is your dilemma: figuring out how to entice the rich in the valley to give back more of the money they've been fast accumulating.

Today, Carson officially takes over as the CEO and president of the Silicon Valley Community Foundation, newly formed from the merger of the San Jose-based Community Foundation Silicon Valley and the San Mateo-based Peninsula Community Foundation.

Peter Hero was CEO of Community Foundation Silicon Valley for the past 16 years. He did a terrific job of popularizing donor-advised funds that allow contributors to exercise some control over the money they give away. Assets of the foundation mushroomed from \$10 million to more than \$919 million.

But it's clear from the NewTithing study that a generous few made the difference. Philanthropy hasn't become infectious in a place where monster homes have become the rage.

Optimists such as Carson frame the issue as philanthropy delayed, not denied. The wealthy in Silicon Valley, on average, are young. They work for young companies with volatile stock prices. They're busy 24/7 at the office and on their BlackBerrys. They note that Microsoft Chairman Bill Gates, who has given \$30 billion to his and his wife's foundation, didn't pay much attention to philanthropy in his 20s and 30s, either.

Silicon Valley is financially powerful and technologically pre-eminent, but civically underdeveloped. Many people don't see themselves as part of a larger community with serious problems and pockets of poverty. Carson's challenge is

to persuade the wealthy to help solve those problems now by joining a giving circle, serving on the board of a non-profit or creating a donor-advised fund.

NewTithing's report revealed that 68,000 valley taxpayers earning at least \$200,000 in 2004 gave a median gift of only \$2,800 to charity -- about 1 percent of their \$291,000 median income and less than half of 1 percent of their \$600,000 in investment assets. The median wealthy tax filer in Los Angeles gave more than twice as much in dollars and as a percentage of investment assets. The study excluded from estimated assets the currency of the valley: high-tech stocks that don't pay dividends. That means valley residents have more wealth against which to measure their relatively paltry contributions.

How much to give to charity is a personal choice, based on family circumstances and ties of the heart. But if the wealthy of the valley are seeking guidance, they should look beyond their peers in California.

The average American family last year donated 2.2 percent of its after-tax income to charity. Generally, the less they make, the more Americans proportionally give away.

It costs only \$10,000, about 22 shares of Google stock, to open a donor-advised fund at the community foundation. It's too late to make a tax-deductible donation for 2006, but it's never too early to make charity a part of life instead of an afterthought when the tax year ends.
