

Directors office
Policy

September 5th, 1922

Dear Mr. Fosdick :

I am sending you under separate cover a document containing various suggestions on Memorial policy. It was my thought to get your comments and criticisms, revise it, and submit it to the Executive Committee. If the Executive Committee feels that the program offers possibilities, it might then be submitted, with such changes as seem advisable, to the Board as a whole.

No member of the Board has seen this manuscript as yet. After you have gone over it, I want very much to get Mr. Woods' reaction, and also Dr. Vincent's if you think it would be a proper thing to do. I have discussed the general field suggested with Mr. Woods, Mr. Dodge and Mr. Richardson and the response, I think, was good. Of course, I could not go into detail as I have in the Msc, and so their reactions may be quite different to the concrete program.

One of the important things about the program which I did not feel that I could mention, is the close relation it would bear to Mr. Rockefeller, Jr's. personal philanthropies. I feel that in a relatively short period of time there would be sufficient "results" to assist greatly in showing avenues of wise expenditures.

I do not expect to hear from you until you have returned to New York; my only excuse for burdening you with the Msc at the present time is that I know your desk will be loaded for you when you get back and it may explode before you have an opportunity for meditation.

Sincerely,

Mr. Raymond B. Fosdick,
Juniper Point,
West Booth Bay Harbor,
Maine.

BR/McC.

Director's Office
Policy
September 25, 1922

MEMORANDUM.

Talk with Dr. Vincent with reference to
Memorial Policy.

Dr. Vincent expressed general approval of the policy as outlined in the memorandum, and said that from his experience in university work he felt that such a program as that outlined would be extremely productive.

He suggested a conference with people who might be interested in such a program, particularly of the liberal group, and thought that it would be well if Mr. Fosdick should present the program to them for their comments and criticisms. He feels that it is quite important to have the more intelligent of the liberal group informed as to what is going on.

Dr. Vincent feels that the program as outlined is sufficiently guarded to justify an attempt to work in the very difficult field of the social sciences, but also feels that the dangers in this program ought to be discussed more fully than they are in the report as it stands.

BR

BR/FM.

Table of Contents

* * *

	page
I. Definition: Direct Charity	1
II. Classification of Past Appropriations	2,3
1. Geographical	
2. Type of Individual	
3. Field of Work	
4. Method of Work	
III. Policies in Direct Charity	
1. Appropriations to Direct Charity	4
2. Budget Allowance	6
3. Geographical Limitation	7
4. Fields of Activity	9
5. Method of Operation	10
6. Nature of Appropriations	11
a. Purpose	
b. Amount	
IV. Policy in Public Health	13
V. Recapitulation of Policies	15
VI. Classified Detail Schedules of Past Appropriations	16ff.

Definition: Direct Charity

The activities of an organization may be considered within the field of direct charity when the primary and controlling purpose of the organization is ministering to the personal needs of individual men, women or children, and when the usual method of operation in ministering to these needs does not involve working through another agency. Under this definition, local branches of the Y. W. C. A. would be considered within the scope of direct charity; the National Board of the Y. W. C. A., if I understand its main purposes correctly, would not. Scientific research, demonstrations, surveys, would lie without the field; hospitals, asylums, educational institutions, in the majority of cases, would be within the field of direct charity.

*elaborate with
illustrations*

*Can't you get some other
words than "direct charity"
"charity" will stir up a lot
of trouble. A local
Y M C A would draw
it in a sense
is not!*

Questions of Policy

Shall the Memorial as a matter of policy contribute some portion of its income to direct charity?

Contributions to direct charity would appear to be desirable, certainly for the time being, for several reasons:

1. Such a policy would be in harmony with the purposes for which the Memorial was originally established.
2. It would be in harmony with the past activities of the Memorial.
3. It is in accordance with what the public believes part of the Memorial's field to be.
4. There is at the present time no constructive policy of a more general nature that requires funds, and it is desirable to appropriate in any year approximately the full year's income. Direct charity offers a natural and useful channel of expenditure for at least a portion of this income.
5. There is a certain value in maintaining a close contact with the ultimate end of all philanthropy, the welfare of the individual human being. It is perhaps desirable that the Memorial should enter the field of direct charity, if for no other reason, to preserve an intimate association with concrete human needs. These needs are, after all, the justification for such indirect activities as the Memorial may undertake.

Objections to donations to direct charity seem to be based on three grounds:

1. It is not the most fruitful way of expending the money involved, since it does not make a permanent contribution to the solution of the problem.
2. The needs are so great that the entire income of the Memorial might be expended in direct charity without appreciable effect.
3. Each generation should provide for its own direct charities. Donations by impersonal agencies may tend to make individual donors shirk their responsibility.

The objections, though weighty, do not seem to justify a negative policy for the Memorial. They are important, however, when the questions arise as to how much shall be given to direct charity, where it shall be given, in what manner and for what purposes?

It is therefore suggested that an affirmative position be taken with reference to the proposition:

The Memorial, as a matter of policy, will continue for the time being to make appropriations of some portion of its income for purposes of direct charity.

What proportion of the Memorial's income shall be expended in direct charity?

This question of policy is one of the first that must be answered. Upon the decision depends the whole character and organization of the Memorial's work.

The negative considerations with reference to any appropriations at all to direct charity suggest that the amount so expended should not be a large one. These considerations were:

1. It is not the most fruitful way of expending the money involved, since it does not make a permanent contribution to the solution of the problem.
2. The needs are so great that the entire income of the Memorial might be expended in direct charity without appreciable effect.
3. Each generation should provide for its own direct charities. Donations by impersonal agencies may tend to make individual donors shirk their responsibility.

It is nevertheless necessary, if the Memorial is going into direct charity at all, to do so on a scale that will at least give the Memorial a real contact with the needs that exist and that will make possible definite accomplishment within such limited fields as may be chosen.

Any amount or any proportion that may be decided upon is necessarily arbitrary. The following suggestion is offered:

The Memorial, as a matter of policy, will expend in any year not more than 5% of the income of that year and not more than \$ 500,000, in the support of direct charities.

This is 5% on the Memorial's first \$10,000,000

What criteria shall be adopted in discriminating between activities in direct charity, it being evident that it is impossible to contribute to all direct charity? Shall there be a geographical limitation?

A geographical limitation on donations to direct charity would appear a natural one. The Memorial in the past has, with the exception of gifts to Cleveland and Ohio organizations, limited its contributions in this country to work in New York State, largely in New York City. The need for a limitation that will make possible close contact with the operations of the charities supported without excessive overhead costs for administration makes the choice of a reasonably small area seem desirable. The opportunity offered by New York City is certainly sufficient for any expenditure for direct charity the Memorial may desire to make.

Two reservations to a rigid limitation to New York City may be made. The first is as to New York State, or national charitable enterprises that have the entire state or nation as their field. In certain circumstances, work in the City proper may be most advantageously pursued through a State or National organization. The second reservation may be made with respect to extraordinary emergency relief. Such crises as the recent ones in Russia and China may always properly receive special consideration.

With these reservations, a geographical limitation to New York City would seem desirable. If there are moral obligations to contribute to direct charity in other places, these might be promptly

disposed of, either by endowment, the turning over of the necessary funds to other Trustees, or by a definite negative decision as to the continuance of the appropriation after a certain date.

The following proposition is suggested:

The Memorial, as a matter of policy, will limit its appropriations for direct charity to activities carried on in New York City: i.e., the Boroughs of Manhattan, Bronx, Richmond, Brooklyn and Queens. This limitation does not apply to New York State or national organizations, operating for the benefit of the state or nation as a whole, nor to conditions of extraordinary emergency.

*illustrate how
this would work
out. Would it
affect our giving
to National Budget
of Y M C A. Y W C A etc?*

What fields of direct charity shall the Memorial enter?

Decision on this question of policy should come only after further study of the field. The Memorial has, nevertheless, already entered the field of work with women and children, and there does not appear to be any good reason why the precedent should be disregarded. The Memorial has not, of course, limited its appropriations for direct charity strictly to this field.

The following proposition is suggested:

The Memorial, as a matter of policy, will continue for the time being to give preferred consideration in the field of direct charity to projects devoted primarily to women and children.

In the fields of direct charity in which the Memorial decides to work, shall the ground be covered systematically, the Memorial searching out, if need be, suitable organizations, for support, or shall consideration be given only to such organizations as appeal for aid on their own initiative?

This question seems to call for only one answer, - the Memorial ought properly to cultivate its field systematically. The Memorial is presumably not interested in particular organizations; it is interested in the work that is to be done. With this in mind, it does not seem an effective procedure to try to work only through such organizations as may by chance of personal acquaintance seek out the Memorial. The objection to systematic activity is its practical difficulty. The obstacles nevertheless can be overcome if it is decided that it is desirable to do so.

It is therefore suggested that the Memorial take an affirmative position with reference to the proposition.

The Memorial, as a matter of policy, will enter its chosen fields of direct charity systematically, taking the initiative in discovering organizations that may be most effective in the particular work in question.

What position, if any, shall be taken with reference to the nature of appropriations to direct charity? Shall these appropriations be for endowment, for buildings or for current expense only? What limits, if any, shall be placed on the ratio of the Memorial's appropriation to a charitable organization's total requirements?

As in the case of policy with reference to the Memorial's field of operation, it is probably too early to state definitely a position on these matters. It would be helpful, however, to formulate a statement of some kind, expressing perhaps only the Memorial's preferences, for guidance in the study of requests and the preparation of recommendations.

As a general proposition, it would seem desirable to avoid contributions to permanent endowment. If it is felt necessary to give assurance of a certain permanence of support, this can be accomplished by voting an annual appropriation for a stated number of years.

Donations to building programs would probably seem appropriate in only a small number of cases; yet in certain circumstances, as with hospitals, for example, proper housing facilities are essential, and it therefore seems desirable not to eliminate building requests entirely from consideration.

As to the ratio of Memorial appropriations to a charitable organization's total requirements, the percentage would probably always be a small one. If the proportion becomes too large, there is always danger of curtailing the gifts of private individuals. Then, too, the Memorial can hardly assume the moral responsibility for charitable enterprises which is involved in large proportional contributions.

The following propositions are suggested:

The Memorial prefers to make its appropriations for direct charity as contributions to current expense rather than to endowment; or when it seems necessary, to building funds in the case of organizations where provision for current expense seems satisfactory.

The Memorial prefers that its appropriation to a direct charity, either for the annual budget or for a building operation, shall constitute only a small percentage of the total funds required, usually less than 10% and only in very exceptional circumstances in excess of 25%.

What position shall the Memorial take with reference to the general field of public health?

This important question of policy requires relatively prompt consideration. It is very desirable that the field of the Memorial should be marked off as clearly as is practicable from that of the Rockefeller Foundation. Otherwise, there is almost certain to arise duplication of effort and confusion through the prosecution of uncoordinated plans and possible differences of opinion as to method. The Foundation has worked out a technique in the field of public health, it has developed a program, it has ample resources. It is proper that the Memorial's policy be formulated with these considerations in mind.

Under the circumstances, it would seem natural if the Memorial should decide to abandon the field of public health entirely to the Foundation. It certainly seems advisable to avoid the support of scientific research and of demonstrations of general significance in the health field. The Memorial is not equipped with personnel to give such work the technical supervision it requires, nor is it able to judge the merits of a project of this kind as to its appropriateness in time or in location; neither is it prepared to estimate the ability of the investigators. To be sure, the Memorial could, if it so desired, build up a staff competent to deal with such questions authoritatively. But such a development would seem wasteful and undesirable in view of the Foundation's program.

On the other hand, if the Memorial is to enter the field of direct charity in New York City, particularly with respect to women and children, one of the more important subjects for consideration is that of physical welfare. There would appear to be some justification for including among the Memorial's activities in direct charity a certain amount of work in the health field. It would also seem appropriate for the Memorial to cooperate with the Foundation in health projects of unusual size or importance concerned primarily with women and children.

The following proposition is therefore suggested for discussion:

The Memorial, as a matter of policy, will limit its activities in the field of public health to those projects which fall within the scope of direct charity, subject to the policies of the Memorial in respect to appropriations for direct charity; with the exception of health projects of special significance concerned primarily with women and children, in which cases, if agreeable to all parties concerned, the Memorial may elect to cooperate with the Rockefeller Foundation in their support.

of 15% ~ 25% ~ 50%
goes for direct charity, what will
you do with the rest of the
money? That ought to be worked
out first. The reason why we
would limit ourselves to a special
percentage for direct charity would be
the inevitable pressure of other causes.
What are they?

Recapitulation of Policies

The following propositions have been formulated for discussion:

1. The Memorial will continue for the time being to make appropriations of some portion of its income for purposes of direct charity.
2. The Memorial will expend in any year not more than -- % of the income of that year and not more than \$..... in the support of direct charities.
3. The Memorial will limit its appropriations for direct charity to activities carried on in New York City. This limitation does not apply to New York State or national organizations, operating for the benefit of the state or nation as a whole, nor to conditions of extraordinary emergency.
4. The Memorial will continue for the time being to give preferred consideration in the field of direct charity to projects devoted primarily to women and children.
5. The Memorial will enter its chosen fields of direct charity systematically, taking the initiative in discovering organizations that may be most effective in the particular work in question.
6. The Memorial prefers to make its appropriations for direct charity as contributions to current expense rather than to endowment; or when it seems necessary, to building funds in the case of organizations where provision for current expense seems satisfactory.
7. The Memorial prefers that its appropriation to a direct charity, either for the annual budget or for a building operation, shall constitute only a small percentage of the total funds required, usually less than 10% and only in very exceptional circumstances in excess of 25%.
8. The Memorial will limit its activities in the field of public health to those projects which fall within the scope of direct charity, subject to the policies of the Memorial in respect to appropriations for direct charity; with the exception of health projects of special significance concerned with women and children, in which cases, if agreeable to all parties concerned, the Memorial may elect to cooperate with the Rockefeller Foundation in their support.