

Editorial: Let foundations go forth, multiply and prosper

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Many of us probably know Dallas would be in a real jam without the quiet work of nonprofits like The Bridge, the Wilkinson Center in East Dallas and the Vogel Alcove.

What we may not quite grasp is the contribution organizations like the Meadows Foundation, the Communities Foundation of Texas and the Dallas Foundation truly make. We see their names, sometimes on walls at museums and schools, but that's about it.

Private and community foundations are like the man behind the curtain. But when it comes to filling in the many blanks where public money comes up short, they are essential.

A new study by Washington, D.C., economists Robert Shapiro and Aparna Mathur offers a revealing look at their contributions. We suggest members of Congress – particularly members of the Texas delegation – read and absorb it.

The report, admittedly supported by foundations and nonprofits, contends that every dollar these foundations invest generates \$8.60 in economic and social benefits.

Economists call that the multiplier effect, and they click their heels if an investment generates another \$2 to \$3 in activity. If foundations indeed generate this level of benefits, whether through investments in social service agencies, police work or schools, cities like Dallas benefit enormously. Even if the effect were half as much as the study contends, it would be significant.

We bring this up not only to laud foundations, but also to warn Congress to think twice before eyeing these foundations as piggy banks for potential tax revenues. The financial bailouts, plus promised new spending, will not come cheap. President-elect Barack Obama has talked about offsetting some costs, as we would hope, but let us suggest Congress go after these foundations only as a last resort.

Please, Congress, avoid the shortsighted solution. Why take more money from institutions that already stimulate economic activity? Last year, that was \$367.9 billion nationwide. Some of that money, this very day, is helping agencies that work with Americans upended by the economic crisis.

It's hard to imagine the case for a lawmaker who sought to limit the good work of these foundations.