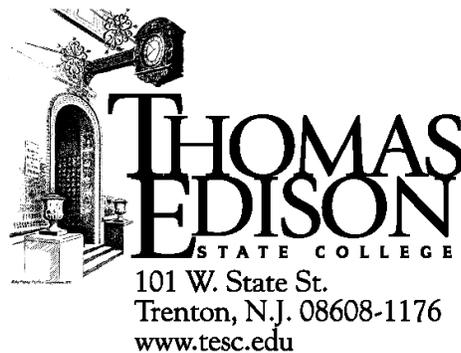


The Philanthropic Response to 9/11

A Report Prepared for the Ford Foundation

**By Tom Seessel
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Tom Seessel
Hopewell, NJ

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Foreword

In a time of drastic change it is the learners who inherit the future. The learned usually find themselves equipped to live in a world that no longer exists.

– Eric Hoffer

The things which hurt, instruct.

– Benjamin Franklin

The report on the following pages is devoted to an important aspect of what we can learn from the tragic events of September 11, 2001. Tom Seessel has sought to answer two vital questions:

- How has philanthropic policy been affected by the terrorist attacks?
- What can we learn from the responses to these events by philanthropic, governmental, and nongovernmental organizations?

Finding the answers to these questions and sharing these answers in a report like this one is consistent with the stated mission of Thomas Edison State College's John S. Watson Institute for Public Policy. The Institute was established to support and strengthen the work of decision makers and leaders through just the kind of applied research that Mr. Seessel presents here.

This report considers the tragic events of September 11 from the perspective of leaders of relief fund agencies, foundations, government agencies, nonprofit service organizations, and groups devoted to assisting those affected by the attacks. The methodology is unique in that it comprises the conducting of interviews to elicit the personal experiences and expectations of these leaders as they reflect on the philanthropic policies guiding their responses to the tragedy.

Thomas Edison State College and its Watson Institute are pleased to have had the opportunity to cooperate with the Ford Foundation to bring Mr. Seessel's work to fruition. It has been a privilege to work with such a widely respected authority on philanthropy, government, and nonprofit organizations. May we all learn from his painstaking and valuable research into questions that will persist in these turbulent times.

George A. Pruitt
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Executive Summary

This report, commissioned by the Ford Foundation, examines the philanthropic response to 9/11 and focuses on key aspects of the relief and recovery efforts in New York City. It draws on interviews with more than 90 individuals in May, June and July 2002, including the chief executives of major independent and corporate foundations, the largest relief charities and uniformed rescue workers' funds, leading nonprofit service providers and intermediary organizations, government officials, and individuals and businesses affected by the disaster.

The September 11, 2001 attack on the World Trade Center caused widespread suffering and disrupted life throughout the city and tri-state region. It occurred at a time of worsening economic conditions including job cuts, city and state budget reductions, and decreases in philanthropic donations. The attack was the final element producing a perfect storm for the city's economic, social and cultural infrastructure.

Americans and people throughout the world responded with great generosity to the worst terrorist attacks in U.S. history. One survey found that 58 percent of Americans gave money to a 9/11-related cause within a month after the attacks. The philanthropic response was so great that the two largest relief agencies, the American Red Cross and September 11th Fund, issued public statements saying that they did not wish to receive more money; nevertheless, another approximately \$500 million was contributed to these two organizations by June 2002.

There was no suitable precedent to guide the philanthropic response. The Murrah Building bombing in Oklahoma City in 1995 was of a different order of magnitude, both in its immediate and ripple effects, and in the complexity of emergency responses required by government and nonprofit service organizations.

Despite lack of a reliable roadmap, philanthropic organizations, including donors and service providers, responded with unaccustomed speed and agility to the urgent humanitarian needs in both the immediate vicinity of the attack and in the wider New York region. These responses were launched well before it was known what assistance would be available from the Federal Emergency Management Agency (FEMA), the lead federal disaster organization. Foundation and corporate grants financed a diversity of activities addressing every known consequence of the calamity, ranging from providing immediate cash assistance for families

who lost the primary breadwinner or were displaced from their homes, to therapy for grief and post-traumatic stress, and maintaining continuity of critical nonprofit service provision, very small businesses and their low wage workforce, and public broadcasting.

FEMA played a key role in vital aspects of the clean up and infrastructure rebuilding, but was less well equipped in meeting basic human needs such as living expenses. Traditionally, FEMA's programs have been geared more to natural disasters, such as floods, in sparsely populated areas, than to urban calamities. Total FEMA and other federal commitments for New York City recovery ultimately will amount to about \$21 billion, mostly for infrastructure rebuilding and economic incentives over a period of many years. This sum represents about ten times as much as the total philanthropic expenditures in all locations affected by 9/11.

Nine large independent foundations committed a total of \$92.5 million in September, and four others pledged \$68 million by the end of the year. Their pace and flexibility reflected, in part, a response to the performance of nonprofit service providers and intermediary organizations that received much of the funding. Safe Horizon, for example, improvised a way to hand-write checks at the Family Assistance Center to help affected individuals pay rent or buy groceries. Seedco and its partners, including the Alliance for Downtown New York and Asian Americans for Equality, crafted a new rapid response program to get cash flow relief to small businesses and their low-wage workers downtown and in Chinatown.

Management and operating costs, as a proportion of total costs, were reported to have been no greater than ten percent in many of the major nonprofit funding and service organizations, a ratio substantially lower than the 35 percent maximum in the guidelines of the Better Business Bureau's *Standards for Charitable Accountability*. The co-founders of the September 11th Fund, the New York Community Trust and United Way of New York City, waived their usual administrative fees. Special foundation grants paid for September 11th Fund expenses so that all of the public contributions could be devoted to benefiting victims, their families, and communities.

Notwithstanding the creativity and ad hoc procedures deployed by many service organizations to meet the emergency, there have been surprisingly few cases of fraud. In a

press conference reported in the June 20 *New York Times*, the Manhattan District Attorney, Robert M. Morgenthau, said that only 91 people (out of well over 100,000 who received cash or services) had been charged with financial schemes. Morgenthau also noted that the “amount of money involved in each case was relatively small, given the millions paid out in relief since September 11.”

Undocumented workers and other low-asset individuals and people of color appear to have suffered disproportionately, especially in the economic and employment impacts of the disaster. Service and advocacy organizations, such as the New York Immigration Coalition and Asociacion Tepeyac, have done an effective job of using 9/11-related problems as a means of raising public consciousness about chronic conditions affecting their constituencies.

Providing for the short- and long-term financial needs of families of people who died or were seriously injured has been a major part of the philanthropic response. This was facilitated by Congress’ extraordinary action exempting victims of the 9/11 and anthrax attacks from the long-standing requirement that recipients of charitable funds be financially needy. The federal Victim Compensation Fund, created as part of the airline bailout bill, expects to award about \$4 billion to the estates of about 2,823 deceased victims, and about 300 seriously injured persons, who agree not to sue the airlines or other entities.

Undocumented workers are eligible for benefits from this Fund. The three largest uniformed rescue workers’ relief funds have collected over \$500 million for 436 families. Two firms that lost a total of 362 employees in the Twin Towers have raised a total of about \$35 million for the surviving families. Close to \$100 million has been donated to the Citizens’ Scholarship Foundation of America for post-secondary scholarships for victims’ children; this sum is projected to meet about 70 percent of the college financial need of the approximately 4,500-4,700 eligible children.

There have been bitter and continuing disputes about the various methodologies for distributing financial compensation to survivors of the deceased victims. Each fund--- including those set up by government, unions, uniformed officers’ benefit organizations, and firms that lost employees in the Twin Towers---uses a different formula, and none has met with complete satisfaction on the part of the beneficiaries. Families of victims of earlier

terrorist acts, including bombings of the World Trade Center in 1993, the Murrah Building in 1995, and U.S. embassies in Kenya and Tanzania in 1998, have protested that they were not similarly provided for by a special federal fund, or by the lifting of restrictions on charitable payments. Withal, it has become clear that no amount of money can ease the ache caused by a lost loved one, or purchase what is needed to move on with life.

Some foundations recognized that New York's nonprofit social and cultural institutions suffered in the attack's aftermath, and needed assistance to continue providing valuable services. The Andrew W. Mellon Foundation made philanthropy's largest single commitment, \$50 million, to create a fund to assist cultural and performing arts organizations that were affected in such ways as cancelled performances, reduced tourism, cancelled fund-raising events, and, in some cases, physical damage. The Ford Foundation provided financing to the Fund for the City of New York and the Nonprofit Finance Fund to assist nonprofit or public organizations, such as Hispanic Family Services and the Borough of Manhattan Community College, whose operations had been disrupted or suffered physical damage.

Front-line staff of the three major relief agencies at the Family Assistance Center set up by the city on Pier 94---the American Red Cross, Salvation Army, and Safe Horizon---were, by most first-hand accounts, compassionate and welcoming, and the accommodations were a model for similar multi-service locations. However, people seeking aid had to fill out different forms with mostly the same information for each service provider organization. Some people did not get what they felt they needed, and bad experiences were amplified in the media and by some elected officials. As a result, portrayals of charitable service agency performance tended to emphasize the negative aspects.

Not widely publicized was the work of the three major relief agencies at Pier 94 in fashioning ad hoc coordinating procedures that simplified life for persons seeking aid. Staff of Safe Horizon, the first agency seen by visitors to the center, offered to escort clients to the desks of the Red Cross and Salvation Army and provide some of the basic information required to initiate registration with those agencies. By January, the three relief organizations had developed what amounted to a one-stop intake process: staffs were cross-trained so that a representative of one agency could take down the information required for

all three, and later do the work of filling out the separate forms. Though this procedure was solidified too late to help the initial large volume of applicants, it could prove to be a useful precedent for a one-stop process in future similar circumstances.

The outpouring of donations attracted intense media attention. Some commentators asserted that contributors intended that all of their gifts be used for immediate cash and services for the families of people who died or were injured in the attacks. Recipients did use a large part of the funds for these purposes. Some, however, notably the September 11th Fund, also reserved a share to meet individual, family, and community needs whose exact dimensions were not immediately apparent in the weeks following 9/11. This included such things as counseling for grief and post traumatic stress syndrome, legal services, health insurance, and employment assistance for as many as 125,000 people who lost jobs as a result of 9/11.

Some reporters and commentators questioned whether contributors to the September 11th Fund intended that their money be used to address wider impacts than those experienced by victims in the immediate vicinity of the attacks. To gain reassurance on the important issue of donor intent, and to help in program planning, the Fund conducted public opinion research through an online survey October 1 and a telephone survey a month later, including respondents who did and did not give to a 9/11-related cause, both in New York City and elsewhere. The results confirmed support for the Fund's strategy to take a broad view of who should be helped and the need for both cash assistance and services such as mental health counseling and job training. One of the uniformed rescue workers' benefit funds polled its donors when there was a question about its intended distributions, and refunded the money to those few who did not agree with the its planned course of action.

Media coverage emphasized the comparison between amounts of money contributed and amounts distributed. This often gave the impression that philanthropy should operate only as a frictionless conveyer belt, speedily moving money from donors to recipients. The reputation of charitable organizations was not helped by the decision of the American Red Cross to allocate a portion of the Liberty Fund for other than 9/11 purposes, after its fund-raising appeals had implied that all contributions would be used for 9/11 relief.

Regrettably, much of the public formed an impression that philanthropic organizations are, at best, inefficient and slow moving, or, at worst, venal and self-serving. By neglecting the public relations aspects of its work, much of philanthropy did little to counteract this image. Research and interviews for this report suggest a different picture, one that the following pages seek to convey.

The nation was tragically unprepared for the worst attacks on U.S. soil by a foreign enemy since the War of 1812. As a result, governmental, private, and philanthropic organizations were forced to create, in the midst of turmoil and grief, new procedures to respond to the disaster.

The central conclusion of this report is that philanthropy met this challenge.

In summary, the major lessons that emerge are:

- Human suffering was alleviated by the rapid and creative philanthropic responses that in many cases preceded significant similar aid by the lead federal disaster agency.
- Conventional philanthropic planning and decision-making processes must be streamlined and made very flexible in responding to fast-moving emergency circumstances.
- Philanthropic speed and flexibility are not necessarily attended by widespread fraud.
- Cash gifts can ease anxieties about financial needs, but no formula for distributing this assistance will be greeted by universal acceptance or solve complex problems of loss, stress, or unemployment.
- Because of the real possibility of future terrorist attacks on cities, FEMA should prepare for large-scale urban calamities by expanding its current capacity to deal with individual and family needs traditionally geared to natural disasters in sparsely populated areas.

- Changes in federal law lifting the limitations on charitable payments to the financially needy, and establishment of the federal Victim Compensation Fund, may have distorted the public perception of the role of philanthropy by creating an expectation that its purpose is to provide financial compensation for lost life.
- The long-term recovery process was aided by the fact that some philanthropic organizations reserved funds for later use to meet individual, family, and community needs whose exact dimensions were not immediately apparent in the chaotic weeks following 9/11.
- New York City and the metropolitan area benefited from the controversial decisions of some foundations to direct 9/11-related resources to shoring up nonprofit organizations including arts and culture groups.
- Even with many agencies' work over many months, there remain uncounted thousands who have not received adequate assistance.
- The major relief agencies need to continue and make permanent their work in developing a simplified one-stop application process in preparation for use in another disaster.
- Questions about donor intent in emergency fund-raising can be avoided by unambiguous appeals and, if questions arise, can be addressed by polling donors and the general public at various times after the emergency.

- In a future event of this magnitude, the major philanthropies should consider designating a well-respected public figure who would provide daily media briefings on their responses.

Introduction

Americans and people throughout the world responded generously to the worst terrorist attacks in U.S. history on September 11, 2001. At the World Trade Center, the toll was 2,823 dead or missing. The attack on the Pentagon resulted in 184 people dead or missing, and 40 died in the airplane crash in Pennsylvania. Some 25 million square feet of downtown New York office space (about two and a half times the total amount of office space in Buffalo) was destroyed or severely damaged. About 700 downtown New York small businesses were destroyed and over 7,000 residents were evacuated. The New York City Partnership and Chamber of Commerce estimated that the city lost 125,000 jobs (more than the entire population of Hartford, Connecticut) in the last three months of 2001 as a direct result of the attack.

This report examines the philanthropic response to this unimaginable catastrophe, focusing on aspects of relief and recovery activities in New York City.

Independent Sector, a nonprofit organization dedicated to advancing the work of nonprofit and philanthropic groups, in a survey taken in mid-October, found that 58 percent of Americans had given money to a 9/11-related cause, and the Internal Revenue Service reported that 262 new tax-exempt charitable organizations had been created. Two months after 9/11, the largest relief funds had raised over \$1.1 billion. There was such an outpouring of donations that the American Red Cross stopped soliciting for its 9/11 Liberty Fund on October 31, having raised \$543 million, by far the largest amount ever contributed in the aftermath of one disaster. Despite cessation of fund raising, another approximately \$424 million was contributed by June 2002.

Examples of generosity abounded across the nation and around the world. A hardware dealer in the Midwest donated 21 push lawnmowers to the Salvation Army in New York City, for uncertain purposes. The Masai Tribe in Kenya donated 14 cows, one of their most cherished possessions, to the American people.

The most visible victims were the fire, police, Port Authority, and EMT personnel who perished trying to rescue people from the Twin Towers. The toll was ultimately determined to be 436---about 15 percent of the total number of dead or missing---including 3 women. There were 343 firefighters, 37 Port Authority Police, 23 New York City Police, 3 court officers, and another 30 civilian rescue workers. Altogether, they left 789 children without one of their parents. One of the earliest public appeals for contributions, issued by Mayor Rudolph W. Giuliani, requested donations to assist the surviving families. Similar appeals were launched by fire and police unions and other public safety officer benefit organizations.

Firms on the higher floors of the Twin Towers suffered large losses, with three companies accounting for almost half of all the dead or missing exclusive of rescue personnel: 658 from Cantor-Fitzgerald Securities, 295 from Marsh & McLennan Companies, a financial services firm, and 175 from Aon, an insurance concern. These companies announced plans to contribute and raise funds to assist the surviving families, and Marsh & McLennan opened a family support center at a midtown hotel.

The attack caused widespread suffering and disrupted life throughout the city and tri-state region. The attack occurred at a time of worsening economic conditions that had already begun to result in job cuts in the private and nonprofit sectors, reductions in city and state budgets, and decreases in philanthropic donations to arts, culture and social services organizations. The attack was the final element creating a perfect storm for the city's economy and social and cultural infrastructure.

Downtown offices and shops that employed people from all parts of the city and tri-state area, including disproportionate numbers of immigrants and low-wage workers, were destroyed or closed. Small garment manufacturers in Chinatown, already in economic trouble because of long-term relocation of the industry to less developed countries, had to shut down and lay off workers because streets were closed and supplies could not get in nor finished goods out. Subway stations near the World Trade Center were closed and PATH trains between New Jersey and Ground Zero could not run. Electricity, telephone, and Internet service to large areas of downtown Manhattan and Chinatown were out of commission.

Throughout the city, operations of nonprofit organizations, providing critical social safety net services to low-asset children and families, people with disabilities, and the elderly, were disrupted because many of them receive city funding and city offices were closed and communications were cut off. Airline employees living in the outer boroughs and elsewhere in the metropolitan region were laid off because of sharply reduced schedules.

To respond to this widening tangle of interrelated problems, on the afternoon of September 11, two leading New York City philanthropic organizations, the New York Community Trust and the United Way of New York City, announced formation of a new joint venture, the September 11th Fund. The Fund's mission was to "mobilize financial resources to respond to the pressing needs of the victims and their families and all those affected by the tragedy," and within less than two weeks donations totaling more than \$115 million had been received. The co-sponsoring organizations waived their usual administrative costs of handling the funds. In a phone call the afternoon of September 11 with Lorie Slutsky, president of the Trust, Ford Foundation president Susan V. Berresford pledged her organization's support for the Fund, and told Slutsky that she could allocate whatever portion of Ford's grant was needed to help pay for operating expenses so that 100 percent of public donations could be devoted to relief and recovery. The Denver, Colorado, Foundation made a \$50,000 gift for operating costs, recalling the importance of that kind of assistance in the aftermath of the 1999 Columbine school massacre.

Within four months, the September 11th Fund received contributions totaling about \$425 million from more than two million donors in all 50 states, three U.S. protectorates, and 150 countries. The response was so large that the Fund announced on January 16 that it no longer wished to receive contributions, but by July another approximately \$76 million had been donated.

By mid-October, more than \$1 billion was contributed to charities working in relief and recovery, and this figure grew to over \$2 billion by March 2002. As generous as the response to 9/11 was, it represented less than one percent of the \$212 billion total philanthropic giving to all causes nationwide in 2001, according to *Giving USA*, published annually by the American Association of Fundraising Counsel (AAFRC). The \$212 billion total reflected a 2.3 percent

decrease from 2000, adjusted for inflation, marking the first time in seven years that philanthropic contributions dropped.

Traditionally, corporations give more generously to disaster relief than do private independent foundations, and this was also true for 9/11. The distribution of giving by major donor groups in 2001 for all causes and for 9/11, as reported by AAFRC, is shown in the following table:

Donor Group	% of All Philanthropic Giving 2001	% of 9/11 Philanthropic Giving
Individuals	76%	43%
Corp./Business Assoc.	4%	43%
Foundations	12%	14%
Bequests	8%	0
All Donor Groups	100%	100%

A word on terminology: “Philanthropy” is used in the broadest sense in this report to mean “the effort or inclination to increase the well-being of mankind, as by charitable aid or donations.” The terms “charities,” “relief funds,” and “service providers” are used interchangeably to connote tax-exempt recipient organizations of donor gifts. Several organizations mentioned in the report, such as the American Red Cross, the September 11th Fund, Safe Horizon, and Seedco, both receive and distribute philanthropic contributions, and are referred to by one of the three latter terms.

Precedents and the Role of FEMA

Not since the San Francisco earthquake of 1906 had a catastrophic event in this country produced such a widespread impact on the densely populated economic and social fabric of a city. There were inevitable comparisons with the 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City, which claimed 168 victims. However, as a FEMA (Federal Emergency Management Agency) official put it, “That was child’s play compared to the World Trade Center.”

There was a difference not only in the death toll, but also the relative ease with which Oklahoma City victims could be confirmed dead. And there was almost no economic ripple impact from the Murrah Building bombing. That building was in a low-density area, and the five nearby buildings that were destroyed all housed branch offices of large organizations that could readily find new locations for their employees. No uniformed officers died trying to rescue people in Oklahoma City.

In Oklahoma City, it was relatively simple to gather the approximately 25-30 important public and private philanthropic agencies around one table for joint decision-making. In New York City--- whose foreign-born population alone exceeds Oklahoma City's total population by a factor of 5.7 to 1---there are an estimated 10,000-20,000 nonprofit human service organizations that have carved out their own niches defined by services offered, geographic area, and ethnic client base. Many of these agencies have substantial contracts with city and state government to deliver a wide range of health and social welfare services to vulnerable groups and individuals.

Thus, although some participants in the New York City recovery effort turned to Oklahoma City for advice and guidance, there was little that could be usefully offered, with one exception. Nancy B. Anthony, executive director of the Oklahoma City Community Foundation, which coordinated that city's philanthropic response to the Murrah Building bombing, pointed out that people do not come forward immediately to seek grief or post traumatic stress syndrome counseling, and it was therefore important that funds be reserved for this. She and others stressed that philanthropies should move slowly and deliberately to plan their responses, and set aside funds to provide for needs that were not being met by FEMA and other "first responders" such as the American Red Cross and Salvation Army.

Nor was FEMA's experience from other disasters very helpful. In numerous meetings and other communications with officials of philanthropic organizations in New York City, FEMA officials repeatedly said that the "historical role for private funds is in long-term recovery, as responsibility for recovery moves from government to the community." But this was an over-simplification and implied that FEMA, the major source of federal government disaster aid, would provide immediate assistance to meet human needs. However, in the first six

months, FEMA spent only about \$81 million for its entire individual and family assistance programs in New York City, and, with rare exceptions, undocumented workers were not eligible.

FEMA's \$81 million paid for temporary housing, mortgage and rental assistance, individual and family grants, disaster unemployment insurance, victim compensation, crisis counseling, and disaster food stamps.¹ In May, FEMA made a \$132 million grant to New York State's Project Liberty for crisis counseling "to help people understand their current situation...[and] move forward with their lives."

Much greater amounts were made available by FEMA for individual and family assistance in the wake of other recent calamities: \$1.4 billion for the Northridge, California earthquakes in 1994, and \$1 billion for Hurricane George in Puerto Rico in 1998. Curtis Carleton, chief of FEMA's community and family services branch, explained that the wide disparity was rooted in FEMA's mission and capacities. "Most disasters," he said in a recent interview, "are floods and don't result in the loss of jobs. FEMA is geared to reimburse people for things like homes and automobiles that are swept away. The mortgage and rental assistance program is little used, because in a typical flood there are no businesses affected and therefore no income interruption." In New York City, by contrast, the impacts were much more widespread and diverse, and a philanthropic response was needed to help meet these challenges.

After months of criticism and Congressional pressure, during which FEMA justified its low rate of expenditures in part by saying that private philanthropy had acted too generously and too quickly, on June 28 FEMA announced a liberalization of its mortgage and rental assistance program guidelines, to help lawful U.S. residents who suffered at least a 25 percent income loss as a result of the attack avoid eviction from their dwellings. Residents who live or work anywhere in Manhattan and suffered financially "may be eligible," the carefully worded FEMA press release said. (Under FEMA guidelines until this point, applicants for mortgage and rental assistance needed to meet the more stringent test of demonstrating that their income loss was the "direct result" of the attack.)

¹ Total FEMA financial aid covering all purposes for the World Trade Center disaster in this six-month period was \$923 million, and all except the \$81 million for individual and family assistance was allocated for public infrastructure repairs, debris removal, and reimbursement of certain New York City and State expenses such as environmental remediation, overtime payments, liability insurance for contractors working on the clean-up, and lump sum payments made to beneficiaries of New York City firefighters who died in responding to the attack.

The June 28 announcement also said that people whose residence or place of business is not located in Manhattan, but who had “economically dependent relationships with firms in Manhattan, and consequently suffered financially, may be eligible.” By July 17, FEMA reported that it had approved 5,147 applications out of 11,202 that were submitted, for a total of about \$32 million in mortgage and rental assistance payments.

In March, Senator Charles E. Schumer announced that the total FEMA commitment for the World Trade Center disaster would ultimately reach nearly \$10 billion, most of which would be for similar purposes as the initial \$923 million. The total federal commitment for New York City’s recovery is estimated ultimately to reach a total of \$21 billion, with the non-FEMA \$11 billion allocated principally for various lower Manhattan business and residential incentives and rebuilding mass transit, roads, and telecommunications and energy infrastructure. This sum (which does not include any of the estimated \$4 billion to be awarded through the federal Victim Compensation Fund) dwarfs the estimated \$2-\$2.5 billion total made available through all philanthropic resources for all locations that suffered 9/11 losses.

Philanthropic Program Planning and Communications

Decisions about funding allocations needed to be made swiftly, in an atmosphere of chaos, horror, and uncertainty. Was this the first of many attacks yet to come? How many missing people were still alive? How would jobless people pay their rent or mortgages and buy groceries? Where would people who had to vacate their dwellings be lodged and when could they return? How would families of deceased immigrant workers---who had remained in their native countries and depended on the earnings sent home from New York City--- manage to support themselves? How much of the need would be met by FEMA and other government agencies, for what specific purposes, and how soon?

In the first few days and weeks, there was confusion about the most basic facts and effects of the attack on the World Trade Center. The American Red Cross and AmeriCares Foundation, an international disaster relief organization based in New Canaan, Connecticut, initially dispatched medical teams, supplies, and ambulances to care for the wounded, and over

2,000 people lined up outside Red Cross headquarters the morning of September 12 to donate blood. Then it became clear that there were only a few seriously injured survivors needing this kind of care, and the mission at Ground Zero became a recovery operation focused on identifying people from widely scattered body parts.

Of the 2,823 dead or missing, as reported in the July 13 *New York Times*, the remains of only 44 percent, 1,229 people, had been identified. Data on the death toll, injuries, and destruction of buildings, businesses, and homes, became known little by little, and the New York City medical examiner did not release a comprehensive list of victims until August 19, 2002. As a result of this lack, each service organization and relief fund needed to assemble its own list through painstaking calls and negotiation of individualized confidentiality agreements with each company that lost employees, the airlines, the Port Authority, and other public and private entities.

Normally, foundations spend months studying problems before settling on a program strategy. In the wake of 9/11 they felt the need to respond quickly, so that victims and their families could know what help was available. Fundamental questions of philanthropic purpose, efficacy, fairness, accountability to donors, and efficiency needed to be addressed. Is the main purpose of philanthropy to provide cash gifts in an effort to compensate people for the lost lives and income-earning potential of loved ones? Is money the most effective form of assistance? What are the criteria for who gets how much? Should survivor families be supported in their customary standard of living, or should all families receive equal amounts? What portion of donations should be earmarked to respond to problems that would only later become apparent, such as financial need after expiration of unemployment benefits, and treatment for post traumatic stress syndrome? How could charities prevent fraud in the distribution of funds and services without creating burdensome red tape and delays? Overlaying all these questions was uncertainty about what would be provided by federal and state government, when, and for which groups of victims.

Foundation information and networking organizations activated mechanisms through which grant-makers could learn what was being done and planned by others. The Foundation Center, the nation's leading source of information about foundations, began collecting detailed

information about the philanthropic response and posted the data on its website. The Foundation Center also maintained an updated on-line chronological log of key 9/11-related events, and spotlighted the philanthropic response to 9/11 at its 45th Anniversary meeting November 12.

The Carnegie Corporation of New York convened a meeting September 28 that was attended by leaders and other representatives of over 50 corporations, foundations, and government agencies, to encourage the sharing of information in the philanthropic response. The New York Regional Association of Grantmakers, a nonprofit membership organization, hosted a meeting October 5 at the Ford Foundation for the exchange of information, and published, in early 2002, the first comprehensive report on special relief funds established to respond to 9/11. Ford Foundation president Berresford organized an informal group of her counterparts in about 15 large independent foundations to keep each other informed of their plans and grant commitments. This process began with informal consultations and then an October 1 conference call, after which the foundation executives updated each other through regular e-mails consolidated and distributed through Thanksgiving by Berresford's office.

Citigroup Foundation's president Charles Raymond initiated a series of meetings with other groups raising funds for scholarship programs that led to formation of the September 11th Scholarship Alliance, a consortium of philanthropies that has created a \$100 million fund administered by the Citizens' Scholarship Foundation of America. Informal affinity groups also began conferring, such as a group of funders for children's causes that met at the Hasbro Children's Foundation September 25. Corporate foundations set up an e-mail communication network through the Conference Board, a worldwide nonprofit business organization. The Better Business Bureau Serving Metropolitan New York posted on its website information on charities that were offering 9/11 aid, and the New York State Attorney General and the Nonprofit Coordinating Committee of New York did the same.

Philanthropic planning was complicated by the proliferation of new charities created to address 9/11 relief and recovery, many of which had inexperienced leadership and vaguely defined plans. New victim relief funds, such as those established by firms that lost large numbers of employees in the Twin Towers, faced the problem of how to make their payments in compliance

with long-standing federal law governing tax-exempt entities requiring that these payments be made to individuals only upon a determination of financial need. Many 9/11 victims did not qualify under this standard. To be able to accomplish their purposes of providing financial help to the surviving families, organizers of victim relief funds, including fire and police unions, persuaded Congress to pass the Victims of Terrorism Tax Relief Act of 2001, which included a special one-time exemption from this rule for payments to victims of terrorist and anthrax attacks occurring between September 11 and December 31.

Congress added a new pool of resources by enacting an open-ended program of financial benefits, the September 11th Victim Compensation Fund, which provides compensation for persons killed or physically injured as a result of the attacks and who agree to waive their right to bring lawsuits against the airlines or any other public or private entity.² Awards from the Fund could ultimately reach a total of about \$4 billion, for approximately 3,200 eligible claimants, including nationals of 61 different countries. The \$4 billion sum is about half again as much as the total philanthropic amount donated for all 9/11-related purposes.

Undocumented immigrants are eligible for the Fund, but many have been reluctant to file for fear of registering with a government agency. To counteract this concern, Fund Special Master Kenneth R. Feinberg requested and received a letter from Immigration and Naturalization Service (INS) commissioner James W. Ziglar, assuring him that the INS “will not use information that claimants submit in support of their claims under the Fund to initiate immigration proceedings.”

Creation of the federal Fund posed a planning challenge for philanthropy by its requirement that awards be reduced by “all collateral sources” of payments including life insurance, pension funds, and payments by federal, state and local governments (except the federal Public Safety Officers Benefit). The initial ruling of Special Master Feinberg was that charitable payments, such as those being raised by various benefit funds, were also to be counted as collateral sources. In a meeting with Feinberg attended by representatives of about 50

² The Fund was established by Title IV of the Air Transportation Safety and System Stabilization Act of 2001, commonly referred to as the airlines bailout bill. In the view of some, creation of the Victim Compensation Fund may have been motivated as much by a desire to protect the carriers from potentially ruinous lawsuits as it was by humanitarian concerns.

philanthropic organizations including the Red Cross, Salvation Army, September 11th Fund, Twin Towers Fund, the New York City Police and Fire Widows' and Children's Benefit Fund, and the International Association of Fire Fighters, the charities threatened to withhold their payments until after the Victim Compensation Fund made its awards, so as to prevent reductions in the federal amounts. Recognizing the potential for unacceptable delays in getting funds to survivor families, the final regulations exempted charitable sources from the offset requirement.

Helping Children Heal by Helping Others

In the early 1990s playwright Teddy Gross was concerned that his daughter had no opportunities in school to be of service to her community. To address this lack, he formed Common Cents, a nonprofit organization that trains teachers and mobilizes students in about 85 percent of New York City's public schools to become philanthropists. Each October, the children participate in an annual citywide Penny Harvest Program through which seemingly trivial donations are transformed into significant giving and service opportunities. Students participating in the Penny Harvest assess community needs and make grant awards, typically in the \$200-\$500 range, through their school-based Philanthropy Roundtables set up by Common Cents. In many cases the students also become involved as volunteers working with the grant recipients, such as helping make sandwiches for homeless children. In 2000, the Penny Harvest collected and distributed about \$400,000.

Soon after 9/11, New York City Schools Chancellor Harold O. Levy asked Common Cents to undertake a special campaign to "help our children deal with and recover from this disaster." Common Cents responded with a Twin Towers Harvest, in which students raised about \$750,000, mostly in pennies, about twice the amount collected in its regular annual campaign the year before. With these funds, students funded and carried out more than 300 community service projects, including creating artwork for local firehouses and police precincts, planting memorial gardens, and organizing workshops on tolerance. Hundreds of cash gifts helped recent immigrant families from Africa, Latin America and the Caribbean, whose breadwinners lost their jobs, buy groceries. The students also allocated \$56,000 to help Afghan youth.

Teddy Gross says Common Cents is not mainly about giving money away, but rather the promotion of community spirit, empathy, tolerance, and leadership. He summarizes the 9/11 effort as having "fostered the children's inherent resilience" as a part of healing from the trauma, and, in a larger sense, of having deepened the meaning of "homeland security."

Large Independent Foundations

The Foundation Center reported in February that 19 large independent (non-corporate related) foundations had each donated \$1 million or more for 9/11 purposes, amounting to a total of about \$166 million. This represented 78 percent of a total of about \$212 million in donations by 215 independent foundations for which information was available. The \$166 million donated by the 19 large foundations amounted to about 3.7 percent of their aggregate annual giving in the most recent year. Two of the 19 large foundation donors, the Andrew W. Mellon Foundation and the Lilly Endowment, contributed just under half of the \$166 million, with Mellon making the largest pledge, \$50 million, and Lilly giving \$30 million. All of the ten large foundations interviewed for this report said that giving for 9/11 did not cause any diminution in their regular giving programs and commitments.

The table below shows giving by the 13 private foundations that donated \$3 million or more, with the dates of their commitments, total amounts, and timing of when the grants were made. Brief discussions of each foundation follow the table.

Private Foundations that gave \$3 million or more for 9/11 Causes

September Announcements	Committed	Timing of Grants
Lilly Endowment	\$30M	Awarded 9/01
Starr Foundation	\$15.25M	Awarded by 12/01
Ford Foundation	\$11.2M	Awarded 10/01
Atlantic Philanthropies	\$10.05M	Awarded by 11/01
Carnegie Corporation of NY	\$10M	3-year commitment; \$3.45M awarded by 7/02
Robert Wood Johnson Foundation	\$5M	\$1.5M awarded by 7/02
Rockefeller Foundation	\$5M	Awarded by 6/02
Annie E. Casey Foundation	\$3M	\$2M awarded by 7/02
Lumina Foundation for Education	\$3M	Awarded 9/01
October Announcement		
J.S. and J.L. Knight Foundation	\$5M incr. to \$10M 12/01	Awarded by 2/02
November Announcements		
Andrew W. Mellon Foundation	\$50M	Awarded by 5/02
J.D. and C.T. MacArthur Foundation	\$5M	Awarded by 1/02
December Announcement		
Charles Stewart Mott Foundation	\$3.14M	Awarded by 12/01

Sources: List of foundations donating \$3 million or more: The Foundation Center. All other information: Foundation websites, press releases, and interviews.

The Andrew W. Mellon Foundation

Headquartered in New York, Mellon, which has a long-standing record of support for museums, research libraries, and the performing arts, established a \$50 million fund to assist large and small New York City cultural and performing arts organizations that were affected in such ways as cancelled performances, reduced tourism, cancelled fund-raising events, and, in some cases, physical damage. The Mellon Foundation also included assistance for a new group of organizations---parks and branch libraries---because, as T. Dennis Sullivan, special advisor to

Mellon president William G. Bowen, explained in a recent interview, “These were places where people went for solace or renewal in the aftermath of the attack.”

In arriving at the \$50 million figure, Mellon took into account foundations’ obligations under federal law to pay out an amount equal to at least five percent of their assets annually. Mellon needed to increase its spending by approximately \$18 million in 2001 to meet this federal requirement, and the staff and trustees saw the 9/11 response as an opportunity to fulfill this obligation; another \$32 million was added to establish the fund. The \$50 million expenditure represents about one quarter of Mellon’s usual annual giving level of \$175-\$200 million.

The importance of creative expression was described by Margaret C. Ayers and Theodore S. Berger, president and executive director of the New York Foundation for the Arts (NYFA), in a post-9/11 prologue to NYFA’s recent report, *Culture Counts*: “Shrines of flowers, candles, drawings, and photographs began appearing [after 9/11] as an expression of collective grief. Artists and citizens created art spontaneously in public squares in acts of communal healing.” The economic significance of nonprofit arts organizations is underscored in a report issued in mid-2002 by Americans for the Arts, which found that the nation’s nonprofit arts industry produces \$134 billion in economic activity annually, and generates more than 4.8 million jobs. (Data for New York City were not stated separately.)

The first three of Mellon’s approximately 119 grants from its fund were to intermediary “re-granting” organizations that in turn leveraged the Mellon dollars with other grants and, with the assistance of panels including outside reviewers, made awards to small resident theatres, dance companies, individual artists, and music groups. Mellon’s direct awards, to larger institutions, were announced in three groups: January 30, March 12, and May 21. In a departure from traditional philanthropic and government grant-making for the arts, Mellon-funded awards were based not on artistic merit, but rather on a dollars and cents accounting of actual losses. The program officer overseeing the fund, Catherine Wichterman, believes that the Mellon grants made up for about half of the documented aggregate losses of the organizations that applied for assistance.

Helping “Our Guys”

The Joyce Theater is a 472-seat dance presentation venue located on 19th Street and 8th Avenue in Chelsea, less than 3 miles north of Ground Zero. The Joyce’s fall season was scheduled to open September 25 with a week-long run of Marie Choinard, a Montreal based dance company coming to New York as part of a planned Quebec-New York 2001 Festival. On September 11, the offices of the Quebec-New York Festival, housed in the Embassy Suites Hotel two blocks from Ground Zero, were evacuated and the dance performances scheduled for the Joyce were cancelled.

Joyce stage hands, many of whom are EMS trained and had volunteered at Ground Zero, approached Joyce’s executive director, Linda Shelton, and director of programming, Martin Wechsler, and asked whether the Joyce could do something to aid in the relief effort. When Marie Choinard cancelled, Wechsler was inspired. The theater would be dark for a week and, as Wechsler said, “everybody [in New York] wanted to do something to help and we didn’t know what to do. Then we had the idea that we could do a benefit [for the firefighters and police officers killed in the attack].”

The Joyce staff knew their local firehouse, Engine 3, Ladder 12 & Battalion 7, well. The firefighters from this company visit the theater regularly for routine fire inspections, and bring trainees to the Joyce to learn about the theater fire code. Five members of the company were killed in the rescue effort, and the Joyce, Mr. Wechsler said, “wanted to do something for our guys.”

In two weeks, Joyce staff put together a benefit that would normally take a year to plan. Twelve New York dance companies donated their services. The Joyce presented two sold-out shows of “Dancing for the Bravest and Finest” September 28th and 29th, and donated over \$60,000 in proceeds to the New York Police & Fire Widows’ & Children’s Benefit Fund.

“The experience was moving for everyone,” says Martin Wechsler. “After the attack, all of us in the arts community were questioning our relevance in the world. How can you dance and put on dance when there is killing going on? We came to believe that arts and dance really do help. Dancers got to participate in the relief effort by doing what they do and we at the Joyce got to help by doing what we do.”

The Lilly Endowment

Based in Indianapolis, Lilly, the nation's second largest philanthropy in terms of assets (after the Bill and Melinda Gates Foundation), and the second largest donor for 9/11-related purposes, has traditionally provided support for emergencies and had little difficulty in deciding on its grant strategy. On September 12 the Endowment allotted \$10 million each to three of its long-standing grantees: the American Red Cross, Salvation Army, and the United Way of America for the September 11th Fund. Because the Endowment does not maintain a website and did not issue press releases on these grants, the Foundation Center learned of the awards from the grantees. As Thomas Lofton, Chairman of the Endowment for 11 years, explained in a recent interview, "We are more interested in doing our work than in telling the world about it." This Spring, the Endowment made a \$4.4 million grant to the Salvation Army to support training of its staff and volunteers in responding more effectively to future disasters, both natural and terrorist.

The Ford Foundation

Ford, the nation's third largest private foundation in assets, also looked to trusted organizations to become recipients of its 9/11 grants. This not only increased Ford's confidence that its funds would be used well, but also shortened the "due diligence" process of understanding the operations and capacities of a prospective grant recipient. Ford Foundation president Berresford took special care on September 11 and in the following weeks, as Ford worked out its response, to involve her staff and give them the sense that they were making not only a professional but also a personal contribution to relief and recovery. Thus, when the grant award letters were sent out, they were accompanied by sheets containing the signatures of all of the foundation's staff members, who had assembled for signing ceremonies at all of its worldwide locations.

The Fund for the City of New York (FCNY), a nonprofit organization that had been established with a grant from the Ford Foundation in 1968, received \$1 million from Ford to augment its fund for low-cost cash flow loans to nonprofit organizations providing critical services whose operations or finances were disrupted by the attack. The FCNY leveraged

Ford's grant with new grants and loans totaling \$5.5 million from other donors, and by May had made 64 loans totaling \$4,670,500 to 9/11-affected nonprofits. One recipient, the Coalition for Hispanic Family Services, administers a foster care program for over 200 children, under contract with the city Administration for Children's Services (ACS). The ACS offices, a few blocks away from Ground Zero, were closed for two weeks, slowing payments to the Coalition and other nonprofit organizations. As a result, the Coalition was at risk of not being able to make its payments to foster families, thus jeopardizing the children's basic needs. The FCNY stepped in with a \$120,000 cash flow loan to avert this.

The Nonprofit Finance Fund (NFF), a nonprofit community development financial institution established in 1980, was given \$1 million for financial and technical assistance to nonprofit organizations that suffered financial and physical damage. The NFF leveraged Ford's grant with another \$6.4 million in grants from numerous groups and the resulting Nonprofit Recovery Fund became a source of grants to nonprofit and public organizations that experienced a business loss due to physical damage, extraordinary expenses in recovering from 9/11, and interruptions of earned and contributed income. By mid-June, NFF had made 129 such grants totaling nearly \$7.2 million. The largest grant, \$509,000, was awarded to the Borough of Manhattan Community College, which occupies several locations between Chambers Street and North Moore Street, just to the north of Ground Zero, and suffered the loss of a building housing over 40 classrooms.

Other large Ford grants included \$5 million for the September 11th Fund, to which the foundation also loaned several of its grant-making and administrative staff persons; \$1.2 million for The Washington Regional Association of Grantmakers to assist nonprofit organizations handling an increased need for counseling and other support for persons affected by the attack on the Pentagon; \$1 million for WNYC-New York City public radio to help replace its destroyed FM transmitter; \$1 million for the Legal Aid Society for services to low-income people; \$300,000 for a media training program for Ford grantees in the human rights and international cooperation field to help them articulate, on television and in other forums, why respect for American constitutional protections, such as the right to a public trial, are not

inconsistent with national security; and \$1 million to Seedco for a small business and workforce retention program downtown and in Chinatown.

Help for Small Businesses and their Workers

In early October, the Ford Foundation and New York Times Company Foundation made grants totaling \$3.9 million to Seedco, a nonprofit community development intermediary organization, to provide stop-gap cash flow relief in the form of grants, low-interest loans, and wage subsidies to small businesses with low paid workers south of Canal Street and in Chinatown. Seedco's partners in this effort included the Alliance for Downtown New York, Asian Americans for Equality, and the Henry Street Settlement.

Majestic Pizza is located at 8 Cortlandt Street, about two hundred feet east of Ground Zero. It was closed for ninety days after September 11, and received a \$25,000 grant from Seedco to cover rental payments during this time. When Majestic reopened, its business was off about fifty percent and its eight low-wage employees had either been laid off or had their hours reduced. A large part of the trade was lunchtime deliveries to office buildings, many of which were destroyed or damaged and had limited access. Majestic Pizza got a boost in foot traffic when, on February 28, Cortlandt Street was reopened along with reopening of the popular discount clothing store Century 21, just a few doors away. Majestic Pizza extended its business week from five to seven days, thus making it possible to capture the business of tourists to Ground Zero. By mid-July, Majestic's business was again robust.

By June, Seedco and its partners had assisted some 430 similar small retail and manufacturing businesses downtown and in Chinatown, and planned an expansion of the program incorporating several new economic recovery efforts and covering a wider geographic area that extends as far north as Houston Street and includes all of Chinatown, Little Italy and the Lower East Side. For the overall program, Seedco had raised a total of about \$16 million, with another \$9 million pending receipt, from 43 institutional and 60 individual donors, including the September 11th Fund, the New York State Department of Labor, Vivendi Universal, the PepsiCo Foundation, and the McCormick Tribune Foundation Disaster Relief Fund. Seedco's total 9/11 program budget, on an annualized basis, is about two-thirds as large as its annual budget for all other programs.

The Carnegie Corporation of New York

On September 17, this Manhattan-based foundation announced a \$10 million pledge for 9/11 relief efforts, saying it "expects to support institutions and organizations that offer

assistance to or work in the area of educational and social needs.” In December, before it had acted on this pledge, Carnegie received a \$10 million anonymous gift for distribution to “small and medium-sized arts and cultural organizations in New York City that are struggling in the aftermath” of 9/11. (In April the *New York Post* and *Times* reported that the anonymous donor had been Mayor-elect Michael Bloomberg.) Carnegie’s awards to 137 institutions from this gift were announced on February 13.

On March 2, Carnegie announced the first grants under its original \$10 million pledge, now termed a 3-year commitment by Carnegie president Vartan Gregorian, for 9/11 relief efforts: \$1.85 million to assist public schools in lower Manhattan “in honor of the teachers who played such a critical role in the wake of the attack...” Of the \$1.85 million, \$800,000 was for model libraries in two elementary schools, a use of funds evocative of the philanthropy of founder Andrew Carnegie a century earlier. On March 4, Carnegie’s second installment of \$1.6 million was awarded, to support public information on 9/11-related events, to WNYC -public radio and WNET-public television in New York City; National Public Radio; Boston’s WBUR-public radio; and PBS’ *NewsHour with Jim Lehrer*.

The John D. and Catherine T. MacArthur Foundation

MacArthur stayed informed about the evolving philanthropic response through the Ford Foundation-coordinated e-mail updates and concluded that there was substantial and “chaotic” funding for immediate relief and rehabilitation, and decided, according to president Jonathan Fanton, that its “efforts would have more impact if directed to other important issues” consistent with three of the foundation’s basic themes: providing analysis and information; strengthening the U.S. and the world’s response to terrorism and understanding its underlying causes; and protecting civil liberties and constitutional guarantees and promoting adherence to international law. By the time of MacArthur’s regularly scheduled Board meeting two weeks after 9/11, many of the foundation’s grantees working in these areas had inquired about fresh support to focus new attention on 9/11-related concerns. The Board approved a \$5 million allocation, and delegated authority to Fanton and the staff to make individual grant decisions as extensions of its existing work in the three fields.

The initial \$3.2 million was awarded in 14 grants by November 12, and the \$1.8 million balance in 15 grants made by January. The largest grant, for \$500,000, went to the Public Broadcasting Service's *Frontline* series of documentaries on the background of 9/11. Other large awards included a \$400,000 grant for National Public Radio to help with the cost of correspondents sent to cover the war in Afghanistan, and \$250,000 for Human Rights Watch "in support of efforts to monitor refugee flows and the effects of hostilities on civilian populations in sensitive areas abroad."

In a recent interview, Fanton noted that the foundation took care to balance grants that could result in criticism of U.S. policy, such as Human Rights Watch or Physicians for Human Rights, with grants to organizations that "take terrorism seriously," such as the Monterey Institute, which received \$100,000 to assess the risk that weapons of mass destruction might move out of "weakened states and into the hands of terrorists." Reflecting on MacArthur's 9/11 grant experience, at a Council on Foundations meeting April 30, Fanton said that his Chicago-based organization's response would "no doubt" have been different if that city's Sears Tower had been attacked. He also stressed to his fellow foundation executives the grant-making principle of adhering "to your core values and grantees and program areas you know best," and challenged his audience by saying "do not be afraid to be countercyclical---even if it is unpopular--look for the unfilled niche."

The Charles Stewart Mott Foundation

The regular fall Board meeting of the Mott Foundation, in its offices in Flint, Michigan, was conducted on September 12 by conference call. Staff were invited to join the meeting, which opened with prayers and readings from the Bible. The president of the foundation, William S. White, has the authority to approve grants and the Board supported his intention to contribute to 9/11 relief efforts. One of White's first decisions was to allocate \$1 million to the New York Community Trust for the September 11th Fund. "We can't figure out what New York City needs from out here," White said in a recent interview, "so I just told Lorie [Slutsky] she could use our grant for whatever she felt was necessary."

There are large concentrations of Arab-Americans in Michigan, and Mott made grants to the American Arab Heritage Council in Flint, for programs “to promote better understanding and tolerance toward Flint area Arab Americans and Muslims,” and to the Arab Community Center for Economic and Social Services in Dearborn, “to help non-Arabs and non-Muslims better understand the Arab heritage, Middle Eastern culture and point of view, and Islam.” Mott also made four grants totaling \$900,000 to local charities, such as the United Way and the Red Cross, to compensate them for donations they would have received but that were diverted to 9/11 relief.

White also registered his organization’s support for national economic recovery by instructing the foundation’s fund managers to place only “buy” orders when the New York Stock Exchange reopened September 17.

The Robert Wood Johnson Foundation

Based in Princeton, New Jersey, about 50 miles south of Ground Zero, RWJF is the nation’s largest foundation devoted to health care. In its early senior management discussions about a response to the attacks, according to foundation president Steven A. Schroeder, M.D., vice president Paul Jellinek urged a \$100 million commitment as a “statement”. In a subsequent interview, Jellinek said that large portions of such a pledge would have been spent on health insurance benefits and to shore up the financial position of nonprofit health care providers, but this did not materialize.

RWJF’s initial announcement of its \$5 million commitment, September 21, spoke of meeting the “immediate needs of the victims, their families, and the affected communities” in coordination with the September 11th Fund and other groups. Some months later, Schroeder recalled, “we saw the great outpouring of funds for these purposes and realized we weren’t as needed as we thought.”

To address the needs of low-asset individuals without health insurance after the attacks, the federal, state and city governments created a temporary Disaster Relief Medicaid program that provided four months of benefits. There was a simplified application process with no questions asked about assets or immigration status and no documentation requirements. However, the city’s Human Resources Administration (HRA) possessed only limited capacity

to implement the program quickly, and speed was the point of this emergency plan. To help move the effort forward, RWJF gave the United Hospital Fund of New York a \$750,000 grant to augment the HRA's capacities for community education, outreach, and enrollment, an effort that succeeded in enrolling 70,000 new recipients. (This grant is not counted in the foundation's \$5 million commitment because it was considered to be a part of RWJF's existing program of enhancing access to the health care system for low-asset people.)

As of June, about \$1.5 million of the \$5 million 9/11 commitment had been awarded, slightly more than half of which went to a volunteer project providing clothing, supplies, and tools to Ground Zero rescue workers (see later description). The foundation also encouraged some of its existing grantees to direct attention to 9/11-related efforts, such as Finding Our Way, a program offering a "short course on death and dying in America today," and Faith in Action, a public education and community action program to stimulate interfaith volunteer coalitions.

The Rockefeller Foundation

The New York-based Rockefeller Foundation's areas of concentration were extensions of its pre-existing programs to assist low-wage workers, especially immigrants; to strengthen the capacity of community-based organizations in immigrant communities to help families and individuals applying for benefits; and to protect civil liberties. Meetings at the foundation with immigrant advocacy organizations, such as the New York Immigration Coalition and labor unions, along with other funders, held in late September-early October, helped sharpen Rockefeller's identification of needs.

Two of the foundation's largest grants under its \$5 million 9/11 commitment were \$500,000 to the New York Foundation, to support its Immigrant Access Project in which Rockefeller funds were re-granted to more than 20 community-based ethnic organizations, and \$500,000 to the Service Employees International Union to support a "multi-language outreach and information dissemination campaign" to help affected low-wage and immigrant workers to receive benefits.

Assistance for the protection of civil rights in Arab, South Asian, and Muslim communities was provided with the help of such Rockefeller grants as those awarded to the

Islamic Circle of North America, the Arab-American Family Support Center, and Asian American Legal Defense and Education Fund. The Rockefeller Foundation also made a \$350,000 grant to the New York Foundation for the Arts, discussed earlier, to support its program of expertise and advocacy for arts organizations and artists affected by 9/11, and a \$60,000 grant to help support the provision of equipment for rescue workers at the site, a project that is described later in this report.

The Atlantic Philanthropies

This foundation, with offices in several countries and in New York City, made a \$10 million grant to the September 11th Fund on September 16. City Meals on Wheels received \$50,000 September 19, and another \$100,000 November 8.

The Starr Foundation

The Starr Foundation in lower Manhattan, one of the nation's largest philanthropies, has issued only two press releases in its 47-year history: the first was three years ago, on the appointment of its current president, Florence A. Davis, and the other was on Starr's initial \$10 million commitment to 9/11 relief. According to Ms. Davis in a recent interview, the 9/11 release was "a way of showing that the city could come back and needed help." Of the first \$10 million pledge, \$8 million was donated to the New York Police and Fire Widows' and Children's Benefit Fund, and the Police Foundation received \$2 million for its mental health initiatives for police officers and their families. A gift of \$250,000 was made to NYU Downtown Hospital "on the strength of an anguished phone call and no written proposal, because they had incurred significant unreimbursable expenses on and soon after 9/11," Ms. Davis wrote in an e-mail. Near the end of 2001, the Starr Foundation gave "somewhere in the vicinity of \$5 million" to emergency food providers and other human needs organizations whose services had been stretched beyond their resources in responding to 9/11-related problems.

The John S. and James L. Knight Foundation

This Miami-based foundation initially committed \$5 million over and above its expected annual grant level, and in December increased the amount to \$10 million, for "secondary victims" of the attacks in the 26 communities participating in the Knight Foundation's ongoing

Community Partners Program, most of which are served by a Knight-Ridder newspaper. There were some 246 awards, ranging in size from \$10,000 to \$150,000, related to 9/11. One grant strengthened the ability of the Hunter Health Clinic, in Wichita, Kansas, to care for the increased number of patients without health insurance who had been laid off in the aircraft industry because of reduced travel after 9/11. Second Harvest in San Jose, California, received a grant to help meet the increased demand for free food resulting from the downturn in the technology sector.

The Annie E. Casey Foundation

Based in Baltimore, and dedicated to helping disadvantaged children and families, the Casey Foundation has had a New York City office since January 1999 that played a key advisory role in strengthening the city's Administration for Children's Services (ACS). In deciding on its response to 9/11 in New York, the foundation looked to "people who had a relationship to us who we knew could reach needy families," Steve Cohen, senior associate in charge of the New York City office, said. The largest share of Casey's \$3 million commitment expended as of July, \$1.18 million, was given to New Yorkers for Children (NYFC), a nonprofit organization created to work closely with ACS.

NYFC leveraged Casey's grant with a \$1 million grant from the Freddie Mac Foundation, and a \$250,000 donation from the With Arms Wide Open Foundation, created by the rock band Creed. With these funds, NYFC set up the New York City Family Fund to make competitive grants to assist CBOs provide support for children and families affected by the World Trade Center attack. In July, the Fund made its first grants, to 21 community-based organizations for services and advocacy for a broad group of victims throughout the city such as those who lost their jobs and for "community-wide convening and healing" activities. Cohen anticipates that Casey will make another approximately \$1 million award to NYFC for a second round of similar grants in the fall. In addition, the Casey Foundation has made Cohen available, on a one-half time basis, to the September 11th Fund for consultation on development of the Fund's mental health program strategy.

The Lumina Foundation for Education

Headquartered in Indianapolis, Lumina Foundation for Education initiated the Families of Freedom Scholarship Fund with a \$3 million pledge to the Citizens' Scholarship Foundation of America in St. Peter, Minnesota. As of July the fund had nearly reached its goal of \$100 million to provide post-secondary scholarships for children of the people who were killed or seriously injured in the crashes in New York, Pennsylvania, and at the Pentagon.

Interaction of Philanthropy and Volunteerism at Ground Zero

Rhonda Shearer is a sculptor with a studio on Spring St. in Soho, about a mile and a half north of Ground Zero. As the rescue and recovery effort got underway, she noticed that the workers---firefighters, emergency medical technicians, and others--did not always have the appropriate equipment such as respirators, winter garments and work clothes, hard hats, rakes, spades, knives, and the like. Ms. Shearer and her family and friends began soliciting donations of cash to purchase the necessary supplies and converted her studio into a warehouse for storage.

The City's Office of Emergency Management, overseeing the recovery work at "the pile," resisted Ms. Shearer's intrusion into their domain and insisted that the workers had everything they needed. However, as reported in the February 11 *New York Times*, to many workers at the site, such as Lt. John Moran of the New York Police Department Emergency Service Unit, Ms. Shearer was a heroine. The Rockefeller Foundation's first grant under its \$5 million commitment to the 9/11 recovery effort was a \$60,000 award to support Ms. Shearer's work, and foundation staff also worked as volunteers with Ms. Shearer. (Ms. Shearer's husband was the late Stephen Jay Gould, a trustee of the Rockefeller Foundation.)

Ms. Shearer's nonprofit organization, the Art Science Research Laboratory, Inc., received a grant for \$700,000 from the Robert Wood Johnson Foundation in January for continued provision of supplies to new workers rotating in to the site. RWJF later made a second grant, for \$100,000, subject to Ms. Shearer's raising another \$200,000. The September 11th Fund provided \$421,770 in fulfillment, more than twice over, of this condition. In the meanwhile, Ms. Shearer had mortgaged her apartment to raise \$400,000.

Corporations

According to the Foundation Center's February report, 555 corporations, corporate foundations, and business associations pledged or donated \$641.8 million, representing about 43 percent of total giving; 47 corporations gave \$5 million or more. Several firms that lost large numbers of employees in the World Trade Center attack established special new tax-exempt funds to provide for the needs of the survivors. Other corporations made donations from their established foundations or corporate giving programs.

Nineteen percent of the corporate and corporate foundation pledges went to their corporate relief funds, and 43 percent was designated for large relief funds such as the American Red Cross, September 11th Fund, and the three major uniformed rescue workers funds. Some examples of corporate giving follow.

Marsh & McLennan Companies, Inc.

This large financial services firm created the tax exempt MMC Victims Relief Fund, to which it donated \$20 million, the largest single corporate gift reported to date, and clients and friends contributed an additional \$4 million. By June about \$22 million of this had been distributed tax-free to the families of the 295 deceased employees through a formula based on number of children, years of service in the firm, and special needs, with a minimum payment of \$25,000 per family. The remaining approximately \$2 million will be devoted to maintenance of health care coverage for three years. Survivor families also received---in addition to regular company benefits such as life insurance and pension plan distributions--- taxable salary continuation through December and a taxable supplemental death benefit equal to 75 percent of the 2000 bonus.

Keefe, Bruyette & Woods, Inc.

Keefe, Bruyette & Woods, Inc. (KBW), an employee-owned securities broker/dealer and investment bank specializing in the financial services sector, occupied offices on the 88th and

89th floors of the South Tower. KBW's co-chairman and co-CEO, John Duffy, was driving on the West Side Highway to his office the morning of September 11 when he saw the attack, in which his son, his co-chairman/co-CEO, and 65 other fellow employees died. KBW established a tax-exempt charitable fund that has raised about \$11 million, including about \$5 million from donated trading commissions on October 29-30. At year-end, KBW made initial payments from the fund of \$5,000 for each decedent, plus \$5,000 if they were married, and \$5,000 for each child. Salary continuation through the end of 2001 and health insurance premiums, estimated at about \$2 million over the next 5 years, are being paid out of company profits³, and the families have received cash payments for the value of their deceased's equity share of the firm.

KBW has decided that these payments, plus cash that was available through the Red Cross, Robin Hood Relief Fund, Safe Horizon, and other sources, are ample to meet immediate needs, and will devote the bulk of the fund to long-term assistance for KBW families: about \$4.8 million has been set aside to finance college scholarships for the victims' children, and a consulting firm, the Conservation Company, has been engaged to survey the families and make recommendations for how the fund can best meet their needs over time.

Citigroup Foundation

The Citigroup Foundation announced on September 14 creation of the Citigroup Relief Fund to raise funds for post-secondary scholarships for the children of victims, and opened a website for donations on September 20. The fund was also advertised on Citigroup's credit card statements. The Citigroup Foundation initiated the fund with a \$15 million pledge, over and above its usual annual giving level of about \$75 million, and in the first six months some 8,000 donors had contributed about \$5.2 million, including \$67,000 from the citizens and volunteer fire department of Bozeman, Montana.

Citigroup Foundation president Charles V. Raymond worked with other organizations raising post-secondary scholarship funds to form the September 11 Scholarship Alliance, which

³ Another example of a company that is assisting surviving families directly from its profits is Cantor Fitzgerald Securities. According to an article in the July 9 *New York Times*, Cantor Fitzgerald has committed to paying out 25 percent of the firm's profits over the next five years to the families of those who were lost. (The article did not say whether these amounts might be offset against awards from the federal Victim Compensation Fund.)

has developed a central registry of eligible children, a common application form, and unified administration through the 40-year old Citizens' Scholarship Foundation of America (CSFA), in St. Peter, Minnesota. The Scholarship Alliance named its campaign the Families for Freedom Fund, and received the endorsement of former president Bill Clinton and his 1996 opponent, Bob Dole. As of early July, the fund was nearing its \$100 million goal with contributions from about 20,000. William C. Nelsen, CSFA president, estimates that the \$100 million will meet about 70 percent of the post-secondary education financial need of all 4,500-4,700 children whose parents were killed or permanently disabled in the attacks. (Some contributors to the fund also provide scholarships for spouses or domestic partners.)

The New York Times Company Foundation

The Times Company Foundation, which raises about \$8 million during the Christmas season for its Neediest Cases Fund, announced on September 12 the establishment of a companion 9/11 Neediest Cases Fund, expecting to raise about \$4 million. In the end, about \$60 million was contributed, causing the Times Company Foundation to look beyond its seven traditional social welfare agency recipients and create new programs, partners, and processes.

In 2000, the Times Company Foundation made 351 grants, mostly in the \$5,000-\$10,000 range. With the unexpected resources in the 9/11 Neediest Fund, it made 60 grants, a fourth of which were for \$1 million or more. Of the \$60 million raised, a little over half went to the seven large nonprofit organizations that provide direct services to individuals and families and are the traditional beneficiaries of the Times annual Neediest Cases appeals. Grants averaging \$2.5 million each went to three foundations representing the uniformed services and law enforcement agencies; \$5.7 million and \$5.5 million, respectively, were donated to organizations offering school support services and trauma treatment; \$3.1 million went for retention of low-wage jobs; and the balance was for various causes including Washington, D.C. relief activities. As is the practice with the annual Neediest Cases appeal, all administrative costs are paid by the New York Times Company so that 100 percent of all donations can be passed through to the beneficiaries.

Goldman Sachs

This investment firm has several downtown locations, and the building it occupies at One Liberty Plaza was slightly damaged in the attack and could not reopen until October 24. The firm lost no employees, but 42 of them lost a family member. To respond to this and other 9/11 relief efforts, Goldman Sachs established a relief fund and within a few weeks employees worldwide had donated about \$6 million and the firm gave \$5 million. A committee representing Goldman Sachs' major divisions, including staff at all levels, solicited recommendations from employees for fund distributions and met frequently to determine allocations, under instructions from the chairman, Henry M. Paulson, Jr., to "get the money in and get it out quickly"; the bulk was distributed by the end of 2001.

The largest share, \$2.25 million, went to various charities supporting rescue workers' funds such as the New York Police and Fire Widows' and Children's Benefit Fund. Taxable gifts of \$50,000 each were given to the families of the deceased relatives of Goldman Sachs employees, and just over \$2 million went to two scholarship funds for victims' children. The approximately \$5 million remaining went to some 25 organizations, including Safe Horizon, Seedco, and the union representing restaurant workers in Windows on the World. The Goldman Sachs Foundation, a separately incorporated entity, allocated about \$2 million of its annual grant-making of \$12 million for 9/11, through grants to two organizations conducting programs to enhance mutual understanding among young people on a global level.

The American Red Cross

Lorie Slutsky of the New York Community Trust echoes the sentiments of many people interviewed for this report in saying, “The Red Cross were heroes from Day 1 to Day 21. They were disaster relief at its best. The Red Cross helped us make decisions we couldn’t have made without them.”

During this initial phase, the Red Cross mobilized thousands of volunteers from the tri-state area and as far away as California, who helped to open 12 shelters and provide food, clothing, emergency cash, and comfort to those who were physically injured, had a loved one missing, had been displaced from their home, had lost their job, or were simply overwhelmed by the enormity of the event. The Red Cross was also on the front lines, with the Salvation Army, in providing respite centers and care for the rescue workers.

The Red Cross was by far the largest beneficiary of 9/11-related donations, receiving almost \$1 billion out of a total of about \$2-\$2.5 billion. In the first five months after 9/11, the Red Cross spent \$80 million on relief services, including 13 million meals for disaster workers and victims, mental health services for over 200,000, and health services for 118,000. And by January 31, the organization had given \$390 million in cash assistance to families of victims, injured persons, and to those who lost their homes or jobs. (Data are for all locations affected by the attacks.)

The Red Cross made special efforts to help people who were not in the mainstream of society. It opened a special tent across the street from the Pier 94 Family Assistance Center to accommodate undocumented immigrants or their families who were reluctant to enter the official site for fear of being discovered, and worked with Asociacion Tepeyac, a Hispanic immigrant advocacy and social services organization, to help undocumented workers produce necessary verifications of employment so that they could receive Red Cross and other benefits.⁴ And the

⁴ Although the Red Cross and other private relief agencies offer aid to undocumented workers, in order to receive dislocated worker aid the workers must show that they had in fact been employed. Some firms where they worked were totally destroyed. In other cases, employers have been reluctant to verify their employment, for fear of being prosecuted for illegally employing persons lacking the required papers.

Red Cross became the first national relief organization to include gay and lesbian families for survivor benefits.

Problems for the American Red Cross began in the first week of November, when contributions reached nearly \$550 million. The agency decided at this point that not all of these funds were needed for 9/11 purposes, and said that about half would be redirected into other projects and for future terrorist attacks. There were public outcries over this, because the Red Cross had been soliciting donations to the ostensibly stand-alone “Liberty Fund” for 9/11, even though the fine print said that, in keeping with customary policy, some portion of the funds might be set aside for future disasters. (This policy enabled the Red Cross to respond immediately to the September 11 attacks and to the November 12 American Airlines crash, in a Queens residential neighborhood shortly after take-off, that destroyed homes and killed over 250 people.)

In response to the ensuing firestorm of protest that donors had been misled, the American Red Cross reversed itself, and on November 14 announced in a news conference carried live by CNN that the entire Liberty Fund would be spent to care for the victims of the September 11 attacks, their families, and the rescue workers. The CEO, Bernadine Healy, was forced to resign and there were inquiries from key members of Congress about the agency’s fund-raising and distribution policies. In December, former Senate Majority Leader George Mitchell was appointed by the Red Cross as the Independent Overseer for distribution of the \$360 million then remaining in the Liberty Fund to benefit 9/11 victims and families.⁵

On January 31, the Red Cross announced its plans, developed under Mitchell’s direction, to liberalize some of its programs and create new ones as vehicles for expenditure of the remaining funds. The Family Gift Program, which provides living expenses for families of the

⁵ This was not the first time the operations of the Red Cross were the subject of highly visible public controversy. Similar outrage at what was characterized as “withholding funds” and “donor deception” have attended relief efforts going back at least to the 1906 San Francisco earthquake, when complaints came from as far away as Massachusetts that money raised for San Francisco was not spent in that city. More recently, San Francisco Mayor Art Agnos accused the Red Cross of spending only about one quarter of the approximately \$52 million raised after the 1989 earthquake in his city. Similar charges were made after the Red River of the North floods in Minnesota in 1997 and San Diego fires earlier in 2001. Thomas Lofton, chairman of the Lilly Endowment, a long-time supporter of the American Red Cross, including a \$10 million gift for 9/11, said in a recent interview that it was a “disappointment to the American people shared by the Endowment” that 9/11 contributions might not end up being spent for that purpose.

deceased or missing and persons seriously injured, regardless of financial need, was extended from three months to a full year. For the first time ever, the Red Cross made one-time outright gifts, without a showing of need, averaging about \$45,000 per family, to the estates of the deceased and to the seriously injured. For the 3,300 families who were also in the Family Gift Program, this brought the average total Red Cross benefit to about \$109,000. Further funds were allocated for needs-based assistance for displaced residents, economically affected persons, and disaster workers. And \$80 million (later increased to \$114 million as funds continued to be contributed) was set aside over a 3-5 year period for services such as health, mental health, and case management and service coordination.

Outcries about 9/11 relief prompted some apparently long overdue American Red Cross policy changes. For example, the Red Cross has begun releasing and posting on its website the quarterly funding allocations for 9/11 purposes, something it had never done. For the quarter that ended April 30, \$398 million had been designated, on a non-needs basis, for victims' families and seriously injured persons; \$310 million for needs-based financial assistance for displaced residents and those who lost their jobs; and \$114 million for long-term services. Immediate relief had cost \$105 million, and \$40 million was budgeted for "Fund Stewardship." On June 6, the Red Cross announced changes in the language it uses in advertising, to clarify its practice of pooling donations for use in a wide range of emergencies, and it will ask donors to designate whether their gifts are for a specific occurrence or more general relief. The agency will also now formally tell donors when it has raised enough money to address a particular event.

Proving He Was There

The Sunday *New York Times* Magazine of June 23 ran a special feature on "Registering the 9/11 Dead: Mexican families left behind by the undocumented workers who died in the World Trade Center." One of the profiles was of Luz Maria Mendoza, who told the *Times*: "My husband... was working in a restaurant in one of the towers as a delivery boy. He called us every day in Jonacatepec. In that way, he always took care of our three children and me. We don't have a right to anything being the wives of undocumented workers. Thank God, my husband's co-workers helped me to prove he was there by pressuring their boss. Now I might get compensation. People in my situation, whose family member was undocumented, many did not look for the person they lost."

The September 11th Fund

The September 11th Fund utilized staff of its co-sponsoring organizations, the New York Community Trust and United Way of New York City, to develop distribution policies and guidelines. The Trust manages about 1,600 charitable funds and in 2001 made about 15,000 grants totaling \$128 million. The United Way raised about \$139 million in its most recent campaign among businesses and their employees, and distributed these funds to some 400 member agencies working in areas such as youth development, job training, childcare, and health care. Drawing on this experience, Trust and United Way staff possess an unmatched wealth of knowledge of the city's social service delivery structure in both the public and private sectors. Beginning in the week of the attack and continuing for several weeks, staff met with some 350 nonprofit social services agencies to ascertain the needs as they were becoming known, and to assess their capacities to take on additional work in the relief and recovery effort.

The resulting guidelines, manifesting a comprehensive approach to 9/11 relief and addressing the needs of a broad group of victims, were:

- funding will be available for “both short-term emergency needs as well as long-term needs.”
- support will be given for the “socio-economic recovery of individuals, families, and communities;” for “the economic rebuilding of lower Manhattan and New York City;” and for bolstering “the capacity of non-profits to continue to provide services.”
- eligibility for assistance will include “ a) individuals and families victimized by the ...disaster (loss of a family member or caregiver); and b) the larger community of individuals and families affected by the disaster.”
- funding will be “coordinated with public and other private funds and targeted to unmet needs to avoid duplication of services.”
- nonprofit organizations will be utilized as primary vehicles for providing services and cash made available through September 11th Fund resources.

The Fund's first grant was announced September 18, \$1.2 million for Safe Horizon, a nonprofit victim services and advocacy organization, to provide immediate financial assistance to

meet housing, food, medical care, transportation, and burial expenses of victims and their families in New York City. Another early grant enabled Safe Horizon and Seedco to prepare and publish a resource guide of services and other assistance.

In mid-October, the Trust and United Way announced formation of an independent Board to oversee the Fund, chaired by Franklin Thomas, former president of the Ford Foundation. Joshua Gotbaum, who was named CEO, had held three high-level federal agency positions in the Clinton administration and before that was a partner and managing director of the investment bank Lazard Freres & Co. (Gotbaum is the son of long-time New York City labor leader Victor Gotbaum, who once ran the nation's largest municipal employees union.)

By June 30, the September 11th Fund had received \$501 million and distributed \$301 million in 250 grants to nonprofit organizations that provided cash and services to victims. More than 100,000 individuals received cash and services, including 3,800 families and other financial dependents of those who were killed or were severely injured, 35,000 people who lost their jobs, and 6,000 individuals and families who were displaced from their homes.

The largest share of the \$301 million distributed as of June 30 was \$128 million, the proceeds from a United Way-sponsored national telethon, that was awarded in the form of \$10,000 payments to each family of a direct victim of the attacks in New York and Washington and the crash in Pennsylvania, and \$2,500 for each displaced worker or resident below Canal Street in New York City. The next largest share of funds given out by the September 11th Fund, \$94.2 million, has gone to Safe Horizon, mostly for emergency financial assistance (see description, later).

Other recipients of \$1 million or more included Seedco (described earlier); Nonprofit Finance Fund (described earlier); Fund for the City of New York (described earlier); NYU Downtown Hospital (for reimbursement for emergency care immediately after the attack); the New York City Partnership (for downtown small and medium sized business retention); Consortium for Worker Education (for employment services); Legal Aid Society (for emergency civil legal assistance for low-wage workers in and near the World Trade Center); Renaissance Economic Development Corporation (for loans to Chinatown small businesses); and for the United Ways of Bergen and Monmouth Counties in New Jersey, Westchester/Putnam County in

New York, and the National Capital Area/D.C.(all for cash assistance and services to victims and their families, for which the United Ways charged no administrative costs).

Plans for the remaining \$200 million of unallocated funds, announced July 11 and known as the Ongoing Recovery Program, include both new and expanded initiatives and seek to fill gaps in existing services available through government or other philanthropic sources. In the announcement, CEO Gotbaum said that the program “continues to help those who need it, but in a better way. In the emergency phase... the emphasis was on delivering help quickly. Now we are funding a program that meets a wider range of needs, that gives people choices about where and how to get help, and makes it easier for them to get it.” New activities include:

- up to \$3,000 per person for mental health counseling for those who are not insured
- employment services, including financial assistance for people in training, for an estimated 12,000 people including dislocated workers, regardless of immigration status, and surviving family members of those who died
- health insurance for an estimated 14,000 victims, mostly dislocated workers, who cannot afford private health insurance and are not eligible for public programs such as Medicaid or FHP
- specialized assistance for an estimated 25,000 children in schools who were evacuated or directly witnessed the attack
- service coordinators to help more than 10,000 people get help more easily

In addition, the Fund will continue and expand funding for previous services including grants and loans for small businesses and nonprofit organizations in lower Manhattan; continued legal and financial advice on issues such as settling estates or applying to the federal Victim Compensation Fund; and continued cash assistance for those who are eligible but have not yet come forward, including surviving families, the injured, and displaced residents. A new component provides financing for small businesses at Reagan National Airport serving Washington, D.C., that suffered losses as a result of sharply reduced operations for several weeks following 9/11. Board Chairman Franklin Thomas, in announcing the Ongoing Recovery Program, said, “The needs of those directly affected...are so great that alone we could not cover

them all” and emphasized that government and other philanthropic entities also need to address ongoing problems.⁶

Accountability and Donor Intent

Its founders correctly sensed that the September 11th Fund would be operating in a fishbowl on worldwide public view, and that funding decisions would be the subject of scrutiny from the media, social services agencies competing for funds, and affected individuals and families. Accordingly, as Gotbaum put it some months later, the Fund determined that this “was going to have to be the most accountable charitable effort in history.” Gotbaum’s second hire was a communications officer, and he soon added two more.

Among some members of the media, public officials, and the general public, there was an apparent assumption that donors to the Fund intended that their contributions would be distributed at once in the form of cash compensation and services to a narrow group of immediate victims and their families, to the exclusion of other affected groups such as displaced workers.⁷ Gotbaum found himself on the defensive, answering accusatory questions about why the funds had not been paid out to the people who were thought by many to have been the bona fide beneficiaries of the Fund’s more than two million donors.

To gain reassurance on the important issue of donor intent, and to help in program planning, the Fund conducted public opinion research through an online survey October 1 and a telephone survey a month later, including respondents who did and did not give to a 9/11-related cause, both in New York City and elsewhere. The results confirmed support for the Fund’s strategy to take a broad view of who should be helped and the need for both cash assistance and services such as mental health counseling and job training. For example, in both surveys more than 80 percent of those polled agreed that the definition of victims should include people who

⁶A survey of 1,139 victims by McKinsey & Company for the 9/11 United Services Group, released July 8, estimated that the total cost for the next year of meeting unmet needs for financial supplements, employment services, mental health, and other services would be about \$768 million, the largest share of which, \$700 million, is needed for workers whose livelihoods were affected by the attack. Of this \$700 million, an estimated \$562 million is needed to fill gaps in basic household expenses.

⁷ The September 21 national telethon sponsored by the United Way may have created some confusion on this point, since the networks, led by ABC, insisted that the audience be told that proceeds were earmarked for immediate victims and their families (even though there was no list of victims).

were displaced from their homes or lost their jobs in the World Trade Center or Pentagon. (Both surveys were made possible by special in-kind corporate contributions.)

The September 11th Fund's website contains comprehensive information on all facets of the operation. Grants are announced monthly, including recipients, amounts, and purposes. Contributors are listed by the size category of their gifts. And there are 9 pages of detailed answers to 41 FAQs on governance, how people can get help, what cash and services are available, and how private philanthropy differs from government. Perhaps inspired by this example, other philanthropies have expanded their public information activities. Prior to 9/11, the Robin Hood Foundation in New York City, for example, posted only the names of its grantees, but its 9/11 relief fund includes amounts granted and purposes of the grants.

Seeking Help

Diego Arias (his name has been changed for this account), an undocumented worker from Colombia, has lived in the United States since 1995. The morning of September 11, along with some co-workers, he was on a 26th floor scaffold doing restoration work on the façade of a building at 90 West Street, half a block from the World Trade Center. Just before 9 he “heard a horrible noise and saw the explosion and a huge ball of fire and lots of pieces of building flying.” He took shelter under the archway of a window he was working on and watched “so many bodies and pieces of bodies and pieces of airplane” falling from the sky.

Mr. Arias made his way down to the street after the second plane hit, where it was “dark as night” and he was having trouble breathing and thought he was going to die. He found his way to a bank and took shelter. Other people covered in dust arrived and were brushing themselves off, so the bank's air became full of dust and hard to breathe. “Everybody was coughing,” Mr. Arias recalled in a recent interview.

After a while Diego Arias walked north about 5 miles and jumped on the back of a truck headed across the Queensboro Bridge. Complaining of chest and back pains and difficulty breathing, he went to Elmhurst Hospital, where he applied for and later received a temporary Disaster Relief Medicaid card and was given a chest x-ray and antibiotics to help clear his lungs.

On follow-up visits, Mr. Arias did not see the results of the x-ray and was told that his chest pain was muscular. He didn't feel like Elmhurst "had time [for me]. There were too many people." After two months of what he felt was inadequate care, Arias turned to a private clinic in Queens and the x-rays taken there showed some particles in his lungs. The doctor sent him for a CAT scan, which also proved irregular; he asked what Elmhurst had prescribed, and gave Mr. Arias the same antibiotics.

In December, still feeling that he was not receiving appropriate medical care, Mr. Arias consulted a storefront lawyer in his neighborhood in Woodside, Queens, who told him about Safe Horizon. Diego Arias hadn't sought social services aid because he thought he "didn't have a right" to assistance because of his immigration status. He found the Safe Horizon staff at Pier 94 friendly and helpful, and says, "They helped me to believe in the American people." Safe Horizon gave Mr. Arias grants to replace lost wages on three occasions, and also suggested he go to the Red Cross for further aid. The Red Cross would not provide aid, because his company, fearful of being found out as the illegal employer of an undocumented worker, would not furnish a letter of verification. When Arias tried a second time, a different Red Cross caseworker got a verbal confirmation from a secretary that Mr. Arias had indeed been working at 90 West Street the morning of September 11. This Red Cross caseworker gave Diego Arias a one-time grant for rent and food.

At the Family Assistance Center at 51 Chambers Street, where the relief agencies moved after Pier 94 closed in January, Mr. Arias learned about Asociacion Tepeyac, a 5-year old nonprofit network of 40 community-based organizations whose mission is to promote the social welfare and human rights of Latino immigrants and undocumented workers in particular. Mr. Arias went to Tepeyac on January 29, still with chest pain and trouble breathing. Tepeyac gave him some financial assistance, assigned him to a caseworker, and referred him to the South Bronx Health Center for Children and Families, a clinic associated with the Montefiore Medical Center, with which Tepeyac had established a relationship to assist its clients.

Diego Arias is satisfied with the treatment he is receiving at the South Bronx center, but his temporary Disaster Relief Medicaid coverage expired April 18 and he is not eligible for publicly financed health insurance. He needs another CAT scan, but isn't sure how he's going to pay for it. And if the CAT scan shows he needs more treatment, how will he pay for that? There is no more money for people like Mr. Arias at Safe Horizon, the Red Cross, or any other agency. "No one will take him," says Teresa Garcia, Tepeyac's Chief Financial Officer. "He's looking to us to save him, but we don't have the resources."

Mr. Arias just wants to get better and go back to work. "I want the doctors to tell me that I'm O.K. That I don't have to take any more medication. I want to work. Work is like therapy for me."

Uniformed Rescue Workers' Funds

The funds soliciting for the families of rescue officers, who gave their lives saving others, collectively received, next to the American Red Cross and the September 11th Fund, the third largest share of donations: over \$500 million was given to the major funds as of June, or about one fifth of the total donations to all 9/11 causes. Brief descriptions of these three major funds follow.

The Twin Towers Fund

The largest of the uniformed rescue workers' funds, the Twin Towers Fund, was announced September 12 by Mayor Giuliani. The first contributor was General Electric Company, with a \$10 million gift, and by November the total reached \$80 million. Giuliani named his deputy counsel, Larry Levy, as the operating head with pro bono assistance from Changing Our World, Inc., a New York-based philanthropic services firm. (Levy, who had previously served as special assistant corporation counsel to Mayors Koch and Dinkins in his 32-year New York City government service, also played a key role in the city's establishment of family assistance centers following the attack.) During the fall, Levy and his associates convened weekly meetings at City Hall with other uniformed personnel funds, including those established by the unions, to share information, address complex policy choices, and discuss plans for distributions.

The Twin Towers Fund faced difficult decisions, some of which were shared by other uniformed services funds, such as:

- whether to include the court officers and non-uniformed rescue personnel, such as Port Authority staff, who died in rescue efforts (33 were included as of June 12, with other cases still under review);
- whether to give the same amount to every family or to factor in the number of dependents, length of service, and the like (the formula takes into account the number of children, with a distinction between those under and over 23);
- whether to make payments to the families of single people (next of kin received about three quarters as much as the families of married persons);

- whether to observe the long-standing federal law limiting charitable payments only to those for whom financial need could be shown (Mayor Giuliani initially implied that he would challenge the law if it was not changed);
- whether to pay out all the money in one installment or to reserve a portion to meet future needs of the families (most has been paid out);
- whether to set aside funds to meet non-financial needs that would emerge later, such as trauma and grief counseling and family support services (provision was made for current and future non-financial needs).

There were also issues to be resolved concerning the rightful recipient in complicated family situations such as divorce and domestic partners. Generally the spouse is the Twin Towers Fund's beneficiary, and "registered domestic partners" are also eligible; difficult cases are still under review in consultation with the Fund's Family Advisory Board, consisting of members of the victims' families.

A final complication was that the Twin Towers Fund did not exist as a recognized charitable entity until its IRS tax exemption was received in December; the temporary repository of donations was Public-Private Initiatives, Inc. (PPI), a nonprofit established in 1994 by Mayor Giuliani for the incubation of new programs. After his term ended in January, Giuliani planned to carry on the work of the Twin Towers Fund as board chairman of the newly incorporated private nonprofit organization of the same name. The fire union and a few police families criticized this plan, in part because some felt that distributions had not been made rapidly enough and they did not want Giuliani to continue to control the donations.

In early 2002, the Fund requested approval of the New York State Attorney General, who oversees tax-exempt charitable organizations, to transfer the Fund's assets from PPI to the Twin Towers Fund. Attorney General Eliot Spitzer, who had earlier clashed inconclusively with Giuliani over the question of which of the two officials was the appropriate person to coordinate philanthropic relief efforts, granted approval for the asset transfer in April on the condition that one-quarter of the Twin Towers Fund Board members be appointees of the new Mayor, Michael Bloomberg.

The Fund made its initial distributions, totaling about \$49 million, in November and December, and a second distribution, \$3.5 million for non-uniformed personnel, in January. As of June 6, the Fund made its third distribution, bringing the total to \$155 million, with each surviving spouse having received \$235,000 plus various amounts for surviving children. Next of kin where there is no spouse have received \$150,000.

A total of \$175 million was donated to the Twin Towers Fund as of June, from some 175,000 donors, and the Fund plans to utilize the undistributed balance for such things as college scholarships through the Citizens' Scholarship Foundation of America; summer camps with grief counselors; assistance for injured rescue workers; financial and emotional support counseling; and possible assistance for cases still under review. The Fund intends to distribute all of its resources and close by the end of 2003.

The 9/11 Disaster Relief Fund of the International Association of Fire Fighters

This fund, the second largest among the rescue workers funds, was established by the AFL-CIO affiliated labor union representing more than 240,000 professional fire fighters and emergency medical personnel in the United States and Canada. As of June the IAFF had raised about \$165 million, with the largest gift, \$2 million, from the troubled conglomerate, Tyco, and \$400,000 from actor Paul Newman. According to George Burke of the union, 60-70 percent has come from collections organized by local firehouses around the country. As late as June, donations were continuing to arrive at the rate of about \$750,000 per month, according to IAFF chief of staff Michael J. Crouse.

The IAFF moved quickly to get an IRS Section 501(c) (3) tax exemption for the 9/11 Disaster Relief Fund, which was approved in early October, near-record time, and it acted speedily and decisively to make its distributions. Following the instructions of its general president, Harold Schaitberger, to "do it right and do it quick," the IAFF kept it simple: divide the total pool of dollars raised by the number of surviving families and give each family, including the families of single fire fighters, an equal amount. Payments were made in increments as funds continued to come in and now total \$418,000 per family. Fire Department of New York official

records were relied upon to determine who was the legitimate beneficiary; there are still about 18 disputed cases under review in which payments have not yet been made.

The IAFF has set aside about \$4 million from the Fund to establish a new program, the 9/11 Fire Fighters Counseling Fund, to provide grief and trauma counseling for families who lost a loved one. This fund also finances counseling for firefighters who suffer from guilt because they did not die. Crouse believes that it will be easier to attract firefighters and families into such a counseling program if it is done under the aegis of the FDNY and union than if it is offered through a regular employee assistance program, which carries the stigma of substance abuse counseling.

The IAFF, asserting its lack of jurisdiction, has managed to remain out of the bitter public controversy over the distribution of funds to survivors by the Uniformed Firefighters Association of Greater New York (UFA), Local 94 of the IAFF, which raised about \$70 million through its Widows' and Children's Fund. (The UFA's Widows' and Children's Fund is distinct from the New York Police and Fire Widows' and Children's Benefit Fund, described below.) Families of the 97 unmarried firemen who died September 11 say they are as entitled to a payment as the widows are, because the union's website advertising the fund-raising appeal says that donations are for "the families of our fallen firefighters." However, the union by-laws provide that the donations are to "relieve the need of the widows, children and dependents...." One of the mothers of a dead single fireman, Domenica Ragusa, was quoted in the May 12 *New York Times*, "My son is just as dead as a married man who is dead." A full-page ad sponsored by the UFA in the May 19 *Times* defends the union's position, and says that the dispute is being resolved "in consultation with the Charities Bureau of the New York State Attorney General's Office."

The New York Police and Fire Widows' and Children's Benefit Fund

This Fund was established in 1985 by Rusty Staub, the former New York Mets baseball star, to help the families of police and fire officers who die in the line of duty. The Fund's annual appeals raised less than \$1 million until 1996, and its typical distributions have been one-time death benefits of \$10,000 plus annual payments based on fund-raising success. Until 9/11, the

largest annual gift was about \$2,200 per year, according to Stephen J. Dannhauser, president of the Fund and executive partner of the Manhattan law firm Weil, Gotshal and Manges.

Before 9/11 the Fund had raised a total of about \$52 million in its 16-year history, and since 9/11 it has raised more than twice that much, about \$115 million as of July 1, which is the third largest amount raised by a charity to benefit public safety personnel. Major contributors included Deutsche Bank, with \$9 million in foregone stock trading commissions, and \$8 million from the Starr Foundation. In all, there have been over 100,000 gifts and Weil, Gotshal and Manges mobilized a group of volunteers to open the mail, and acknowledge and book the receipts.

Even though it was an established organization with guidelines, the Fund faced two decisions about whom to help and how. One was whether to make payments to the families of Port Authority and EMS personnel; the Fund decided to include them in its 9/11 distributions. The other question was about the pre-9/11 widows the Fund has been assisting with payments since its beginning. The Fund's Board felt that provisions should be made for these approximately 429 widows in the distribution of the new funds. To be certain that there would be no violation of donor intent for these steps broadening the beneficiary group, the Fund wrote to each contributor of \$5,000 or more and asked if they had a problem with the Fund's intentions. Only a few objected, in which cases the Fund returned their gifts.

The Fund has made \$100,000 payments to each 9/11 widow in 2 or 3 installments, and a special \$30,000 gift for each pre-9/11 widow. In keeping with the Fund's traditional policy, beneficiaries of single persons received a \$10,000 death benefit. In the cases of disputed beneficiaries, the Fund relies on union records and union determinations of disputed cases. Fund chief financial officer David Golush said that the Fund expects to make a further payment of \$18,000 to each 9/11 widow and \$8,000 to each pre-9/11 widow in October. The approximately \$62 million balance remaining after these payments have been made will be escrowed for annual payments of \$12,000 to approximately 729 widows (including both pre-9/11 and 9/11-related) over a seven-year period beginning in October 2003.

The following table summarizes cash benefits that have been or will soon be paid to the families of surviving rescue workers from the major charities and government programs. The

amounts are based on a fifth-year firefighter or police officer, 35 years old, with a wife and two children.

Cash Benefits for Uniformed Rescue Workers

Charitable Source	FDNY Family	NYPD Family	Port Authority Family
Twin Towers Fund	\$405,000	\$405,000	\$405,000
IAFF	418,000		
NY P & F W & C Benefit Fund*	100,000	100,000	100,000
Other (Unions, small rescue worker funds)	20,000	405,000	215,000
Total from Charity	\$938,000	\$905,000	\$715,000
Est. from Govt. (Victim Comp. Fund**, Public Safety Ofcr. Benefits, City Death Benefits and Pension)	1,978,623	2,189,238	2,069,123
Total Est. Payments	\$2,916,623	\$3,094,238	\$2,784,123

* Does not include scheduled 7-year payments of approximately \$12,000/year beginning in 2003.

** The estimate for the federal Victim Compensation Fund is \$1,529,123 for each family, after deductions of all known collateral sources, and is taken from the Fund's website, www.usdoj.gov/victimcompensation, FAQ (Updated May 15, 2002), Section 5 "Compensation for Victims." The family of a deceased business executive the same age and with the same family composition, who earned \$175,000/year, will receive an estimated \$4,726,035 before offsets for collateral sources. The family of a deceased worker whose annual earnings were \$25,000 will receive an estimated \$1,109,191, before offsets. All payments from the Fund are tax-free and are conditioned on the recipients' agreement not to sue the airlines, Port Authority, or other persons or entities.

Sources: *New York Daily News*, May 16, 2002; interviews with officials of the listed private charities and with the Special Master of the federal Victim Compensation Fund; websites.

Getting On: What Money Can't Buy

Una McHugh's husband, Dennis, a fireman with the Upper East Side's Ladder Company 13, was killed on September 11, leaving his wife and 3 children including twins 10 months old. When he didn't come home the night of September 11, five-year old Chloe asked where her father was. Mrs. McHugh didn't know what to say. "I went from saying Daddy was working late, to Daddy is away on business for a while," she recalled in a recent interview. When Mr. McHugh's remains were found (Una says they were one of the "lucky" families whose loved ones' remains were found early on), she then had to figure out how to talk to her daughter about her father's death. Looking for help, Una McHugh says that she got no support from the Fire Department, the school system, or the church. She sought counseling through the FDNY Counseling Service Unit, but "everyone was in denial," she said. "The [FDNY] counseling department was not equipped to do bereavement counseling."

No one was able to give her advice about what to say to Chloe, or even recommend a good book for her to read about talking to children about death. Una McHugh did her own research and read everything she could find about death, children and bereavement. And instead of accepting that there was no psychological support in place for the widows and children of firefighters and others lost on September 11, she decided to create what she wished had been there.

Mrs. McHugh knew that there must be many young widows with children who were also struggling to handle their own grief, discuss death with their children, and figure out how to continue with the business of life and child rearing. At the end of October, with the help of her brothers, she launched a website, www.nyfdwidows.net, to "meet people, show our concerns, give information about meetings, social events [and] grief counseling." The website has reading lists, discussion boards, and links to agencies providing relief. On November 20, at her own expense, Una McHugh bought and delivered, with the help of her brothers and her brother-in-law, 342 copies (one for each of the other families that had lost a firefighter) of a book she had found particularly useful, *I Wasn't Ready to Say Goodbye: Surviving, Coping and Healing After the Sudden Death of a Loved One*, by Brook Noel and Pamela D. Blair. Just before Thanksgiving, Mrs. McHugh and another widow initiated a support group for family members of firefighters and others who had been killed, at Tony's Di Napoli, a restaurant near Mr. McHugh's firehouse. The group meets every 6-8 weeks and 50-100 family members attend each meeting.

Mrs. McHugh met Larry Levy, president of the Twin Towers Fund, and his deputy, Carolyn Cavicchio, when they attended one of the meetings at Tony's Di Napoli in early 2002. Una McHugh has found the Twin Towers Fund to be the most helpful of all the groups she has been in contact with. The FDNY Counseling Service Unit failed to return several of her calls, and the Red Cross has assigned her to three different caseworkers, none of whom she has met. Of the Twin Towers Fund, Mrs. McHugh says, "Whatever information you need or questions you have, it's easy to get in touch with them. They get right back to you and make you feel like a person and like your questions are valid." Una McHugh has become a member of the Family

Advisory Board for the Fund, consisting of spouses, parents and siblings of FDNY, NYPD, and Port Authority victims, and is impressed with the Fund's responsiveness to issues that are raised concerning the needs of widows and children.

Mrs. McHugh worked as a K-5 reading specialist but took a leave of absence after her husband was killed, in order to raise their children. He, like most firefighters, had a flexible schedule, and took a lead role in child rearing. Una McHugh has not focused on her financial situation and relies on her brothers to take care of this. She "guesses" that she is financially secure and hopes to resume her career someday.

Safe Horizon

Safe Horizon is a 34-year old nonprofit victim assistance, advocacy and violence prevention organization, the largest such agency in the country, and formerly known as Victim Services. For many years the agency has worked closely with the State of New York's Crime Victims Board in processing crime victims' compensation claims. By September 15, in response to a request by Governor George Pataki, Safe Horizon began serving as the Crime Victims Board's agent for writing checks for financial assistance for surviving spouses who lost their primary wage earners in the attack.

Because state guidelines limit this assistance to persons who were still married when their spouses died, Safe Horizon turned to the United Way of New York City to provide comparable funding for domestic partners, gay and lesbian couples, and others who do not meet the state's requirements. Lilliam Barrios-Paoli, senior vice president and chief executive for agency services of the United Way of New York City, and one of the key planners for the September 11th Fund, readily agreed. By the week following 9/11, Safe Horizon was the only agency issuing on-the-spot checks, for up to \$1,500, to replace lost incomes.

Safe Horizon had been forced to vacate its downtown headquarters, at 2 Lafayette Street, after the attack, and when staff returned 10 days later, they were without phones, fax, or Internet until December. Despite these obstacles, and in the absence of formal agreements with funding organizations or existing procedures for handing out money, Safe Horizon moved forward quickly to provide cash and crisis counseling not only at the main Family Assistance Center but also at four other centers in the outer boroughs to facilitate access for people who were reluctant to come to downtown Manhattan. Safe Horizon also opened a toll-free 24-hour hotline and, with Seedco and United Way, prepared and published in print form and on-line a directory of resources for victims and their families.

Safe Horizon CEO Gordon Campbell delegated to his front-line staff the authority to make decisions and hand-write checks even as procedures and forms were being designed. Calling it "managing by groping," Campbell credits his agency's performance---widely acknowledged as exemplary---to "knowing the victim business," relationships with state and city agencies, and the

professionalism and dedication of the staff. Senior vice president Elizabeth McCarthy says that Safe Horizon was able to adapt flexibly to the extraordinary circumstances because it is an independent local organization, not bound by the rules of a national organization, as is the case with the local branches of the American Red Cross and Salvation Army.

As of March 31, Safe Horizon had received \$90.3 million for 9/11 services, all but \$2 million of which came from the September 11th Fund. (By June 17, Safe Horizon had received an additional \$5.5 million from the September 11th Fund.) Of the \$90.3 million, about 90 percent or \$80.8 million, was passed through in cash payments to 43,828 surviving family members, injured persons, and displaced residents and workers. The \$9.5 million balance, about 10 percent of the total, was spent on operations costs such as staffing seven assistance centers, the September 11th hotline, and trauma education seminars.

The \$90.3 million total received for 9/11 is almost three times as great as the agency's annual budget of \$34 million, but Safe Horizon managed to conduct 9/11 relief while not "missing a beat" with its regular clients, according to Campbell, because many dedicated staff members worked 12-16 hours/day, and their number was augmented by new staff and over a thousand volunteers.

Recognizing from experience that providing emergency cash to victims may succeed in relieving the immediate anxiety, but only opens the door for the beginning of the more challenging long-term process of healing, recovery, and getting on with one's life, Safe Horizon continues to follow up all of its approximately 47,000 9/11 clients with phone calls from a 25-person phone bank to see how they are faring and what further assistance they need.

Service Coordination

The problem is that one charity doesn't know what the other is doing. There is no central controlling authority...Grieving people are forced to fill out dozens of forms and then left to fend for themselves.... This is one big cruel mess. The United States government can move a huge military machine half way around the world in two weeks---but can't supervise charities and get financial help to a few thousand devastated families in six weeks. Does this make sense to you?

This criticism by Fox News' Bill O'Reilly in his October 15 syndicated column, though overstated and inflammatory---and suggesting a new role for government to oversee philanthropic operations---had a basis in reality. Despite the fact that front-line staff at the Family Assistance Center on Pier 94 were, by most first-hand accounts, welcoming and eager to help, and the overall accommodations were a model for similar multi-service locations, there were problems.

People seeking aid had to fill out several different forms with mostly the same information. Some people were not well treated, and some did not get what they wanted. Some seeking aid had never asked for help from a government or nonprofit service organization, and were not accustomed to standing on line or answering personal questions. It is not difficult to find angry, grief-stricken, confused, and terrified people in the aftermath of a calamity who lash out at the closest target and tell their stories to a reporter, and New Yorkers are famously impatient and demanding.

There were enough well-publicized negative experiences to prompt two Congressional hearings in early November.⁸ Arizona Republican Congressman J. D. Hayworth called on the House Ways and Means Committee to assume an oversight role in the private philanthropic relief effort. Senator Charles Grassley, an Iowa Republican who is ranking member of the Senate

⁸ Similar problems, though much less emotionally charged, occurred for businesses and nonprofit organizations seeking aid to recover from the attacks' impacts. Several different nonprofit financial institutions and government agencies offered aid to small businesses downtown and in Chinatown, often with different geographic and other eligibility requirements. Programs whose northern boundary was Canal Street excluded the approximately two-thirds of Chinatown's small garment manufacturers with large numbers of low-wage workers. (This problem has since been addressed by the September 11th Fund.) Two nonprofit organizations, the Fund for the City of New York and the Nonprofit Finance Fund, received separate grants from the Ford Foundation and the September 11th Fund to provide similar assistance to nonprofit organizations that suffered similar impacts.

Finance Committee, urged federal and state regulators “to work together to oversee the fair and expeditious distribution” of donations.

New York State Attorney General Eliot Spitzer, who regulates tax-exempt charitable organizations, called a September 26 meeting in his office with the large relief groups including the Red Cross, Salvation Army, and others. Spitzer’s section chief of the Charities Bureau, Marla Simpson, had been conferring extensively with key participants in the Oklahoma City response to the 1995 bombing of the Murrah Building, and believed that the coordination of agencies that had occurred in that city could be replicated among at least ten times that many, serving a much larger and more diverse population, in New York City.

At the September 26 meeting, Spitzer proposed that his office establish a central database of everyone who sought assistance from the major service providers, as a means of ensuring fairness in the distribution of funds and services, and to prevent duplication and fraud. According to Spitzer in an interview in June, all of the participants agreed this was a sound idea, but the next day, apparently on orders from national headquarters, the American Red Cross in Greater New York office said that confidentiality rules prevented it from disclosing information about its clients. The question of a central database was therefore unresolved, but the Office of the Attorney General posted on its website a list of organizations and services for people and organizations affected by the disaster.

Leaders of charitable service organizations recognized the validity of appeals for greater coordination, but felt that the Office of the Attorney General should not be the one to do it, because of a concern that information might be used in connection with the Attorney General’s oversight and regulatory responsibility. The two top officials of the September 11th Fund, Board chairman Franklin Thomas and CEO Joshua Gotbaum, met with Spitzer in mid-October and told him this. Rather, they argued, the charities should be responsible for their own coordination, and Spitzer agreed. Gotbaum said in a June interview that, after this meeting, Spitzer urged the major charitable service providers to organize themselves. Gotbaum then

offered to fund the effort. This was the origin of the 9/11 United Services Group, which is described later in this report.⁹

Although there was no central registry of applicants, the three major relief agencies at the Family Assistance Center---the Red Cross, Salvation Army, and Safe Horizon---soon developed ad hoc coordinating procedures that simplified life for persons seeking aid. Staff of Safe Horizon, the first stop for visitors to the center, offered to escort their clients to the desks of the Red Cross and Salvation Army and provide some of the necessary basic information required to initiate registration with those organizations. By January, the agencies had developed what amounted to a one-stop process: staff were cross-trained so that a representative of one could take down the information required for all three, and later do the work of filling out the separate forms.

A main stumbling block to sharing information among relief organizations is their confidentiality policies. The Red Cross, for example, says that it has had some bad experiences giving out the names of fire victims forced from their homes, whose vulnerability then becomes known to estranged, abusive spouses. The Salvation Army says that their confidentiality policies are designed to protect people who are concerned that the assistance they receive will be reported as taxable income, and undocumented workers, who fear that government authorities might have access to the information and initiate deportation proceedings.

The Red Cross, Salvation Army, and Safe Horizon allow their clients to waive their confidentiality, but Safe Horizon appears to have been more adroit than the others in interpreting the waiver in the context of the situation, to the benefit of its clients. Safe Horizon explained the advantages of information sharing in terms of saving time and trouble, and facilitating access to additional services. It also made clear that the information would be shared only with other service providers.

⁹ Tragically, communications failures were not limited to the charitable sector. It has been widely reported, for example, that better communication and coordination between the CIA and FBI might conceivably have averted the attacks. An in-depth investigation by the *New York Times*, published July 7, concluded that throughout the September 11 crisis “the two largest emergency departments, Police and Fire, barely spoke to coordinate strategy or to share intelligence about building conditions,” and found that firefighters’ radio systems did not function and were not linked to those of the Police Department. “The city’s Office of Emergency Management, which was created by Mayor Giuliani in 1996 and had spent nearly \$25 million to coordinate emergency responses,” according to the *Times*, “had not conducted an emergency exercise [in the World Trade Center] that included the Fire Department, the police, and the Port Authority emergency staff.”

The 9/11 United Services Group

The 9/11 USG was launched December 14, with much fanfare. Its core financing comes from the September 11th Fund, in fulfillment of Gotbaum's pledge to help the leading charities develop their own solutions to coordination of their work and thus avoid possible intervention by Attorney General Spitzer. The 9/11 USG is a "consortium of 13 New York City human services organizations ...to coordinate the help being provided to those affected by the World Trade Center terrorist attacks and ensure that their needs are efficiently and compassionately met." Member agencies are the American Red Cross (which changed its mind and agreed to cooperate, with confidentiality issues to be worked out later); Asian American Federation of New York; Black Agency Executives, Inc.; Catholic Charities of the Archdiocese of New York; Catholic Charities Diocese of Brooklyn; Federation of Protestant Welfare Agencies, Inc.; Hispanic Federation; Human Services Council; Mental Health Association of New York City, Inc.; Safe Horizon; Salvation Army; UJA-Federation of New York; and United Neighborhood Houses of New York. The 9/11 USG's budget is approximately \$3 million, of which more than half is said by a 9/11 USG official to be in the form of donated services from IBM, Warburg Pincus, ADP, McKinsey & Company, and others.

The 9/11 USG is compiling a central database of individuals affected by the attacks who have received services from one or more of the member organizations. One purpose of this is to prevent duplication of services and "double dipping" on financial benefits. Another purpose is to provide victims with periodic notification of new programs and services, such as the \$200 million Ongoing Recovery Program recently announced by the September 11th Fund. Only three organizations, Red Cross, Salvation Army, and Safe Horizon, had made their client lists available as of early July, and only those individuals who have executed confidentiality waivers are included. For those who are in the database, there are gaps, based on confidentiality policies, in the information that is available. For example, the charities do not make case notes accessible by other service organizations.

Another 9/11 USG program is training for "service coordinators" in its approximately 25 member and affiliated organizations to be able to direct clients to the full array of 9/11-related services. USG officials estimate there are about 60,000 people (including duplicate entries that

have not yet been purged) who have received 9/11-related services from member agencies, and about 3,600 of these were assigned to service coordinators as of June, with another approximately 150-200 being added each week. By June, there were about 140 trained service coordinators, including 80 at the Red Cross, and 9/11 USG plans ultimately to increase this number to about 250, of whom about half would be at the Red Cross. The 9/11 USG also continues to operate the Safe Horizon September 11th 24-hour hotline, and to maintain a database of resources built on the directory developed soon after the attacks by Safe Horizon, United Way, and Seedco with funding from the New York Community Trust and United Way of New York City through the September 11th Fund.

Persons involved in New York's social service community, who have been close to the 9/11 relief effort and were interviewed for this report, evince perfunctory support for the 9/11 USG, and say that the effort may be too little, too late. It fails to reach most of the medium- and smaller-sized community based organizations, although steps are being taken to remedy this shortcoming. As one 9/11 USG Board member said in a recent interview, "A database is a good thing, but it doesn't make coordination and collaboration happen." However, the value of 9/11 USG may become apparent in the future if the collaboration serves as a model for future catastrophes and develops a common intake process that can be activated immediately.

Media Coverage

There was intense media scrutiny of philanthropic organizations, prompted by the record amounts of donations. The focus of attention became a comparison between how much had been contributed and how much had been distributed, depicted as though philanthropy is nothing more than a frictionless conveyor belt that speedily moves money from donors to recipients.

The story line implied that the philanthropic organizations were at best inefficient and slow moving, or at worst venal and self-serving. Charts showing a gap between receipts and expenditures frequently failed to point out that a part of the difference between the two figures represented items such as scholarship funds, which are paid out over a period of more than 20 years. The focus on spending compared with receipts, without digging deeper into the challenges of allocating philanthropic money wisely and effectively, was evident in every type of media.

On the philanthropic side, some donors, including the Lilly Endowment, which contributed \$30 million, did not issue press releases on its support for 9/11 relief. Some agencies, such as the American Red Cross in the first few months, appeared to feel it was not necessary to answer questions about their work, and antagonized reporters with what may have seemed to be evasiveness, flip-flops, or stonewalling. On the other hand, the low-key Salvation Army got a break from the *New York Times* when a reporter learned that the Army's antiquated computer system could generate only a fraction of the enormous volume of checks it was committed to issuing to cover basic needs such as food and rent, and agreed to hold the story until the computers had been upgraded.

Philanthropists are not accustomed to doing their work in a public glare, and many bristle at not being appreciated for their good works. The combination of media over-simplification and philanthropic thin skins produced an unhappy interaction. Only a few organizations, most notably the September 11th Fund, invested significant time and resources in trying to interpret the dilemmas, excruciating choices, and nuances of philanthropic decision-making to the media, and those that didn't follow this lead suffered for it.

What Has Been Learned

The nation was tragically unprepared for the worst attacks on U.S. soil by a foreign enemy since the War of 1812. As a result, governmental, private, and philanthropic organizations were forced to create, in the midst of turmoil and grief, new procedures to respond to the disaster.

The central conclusion of this report is that philanthropy met this challenge.

Following is a brief summary of lessons learned in this experience.

- Human suffering was alleviated by the rapid and creative philanthropic responses that in many cases preceded significant similar aid by the lead federal disaster agency.
- Conventional philanthropic planning and decision-making processes must be streamlined and made very flexible in responding to fast-moving emergency circumstances.
- Philanthropic speed and flexibility are not necessarily attended by widespread fraud.
- Cash gifts can ease anxieties about financial needs, but no formula for distributing this assistance will be greeted by universal acceptance or solve complex problems of loss, stress, or unemployment.
- Because of the real possibility of future terrorist attacks on cities, FEMA should prepare for large-scale urban calamities by expanding its current capacity to deal with individual and family needs traditionally geared to natural disasters in sparsely populated areas.

- Changes in federal law lifting the limitations on charitable payments to the financially needy, and establishment of the federal Victim Compensation Fund, may have distorted the public perception of the role of philanthropy by creating an expectation that its purpose is to provide financial compensation for lost life.

- The long-term recovery process was aided by the fact that some philanthropic organizations reserved funds for later use to meet individual, family, and community needs whose exact dimensions were not immediately apparent in the chaotic weeks following 9/11.

- New York City and the metropolitan area benefited from the controversial decisions of some foundations to direct 9/11-related resources to shoring up nonprofit organizations including arts and culture groups.

- Even with many agencies' work over many months, there remain uncounted thousands who have not received adequate assistance.

- The major relief agencies need to continue and make permanent their work in developing a simplified one-stop application process in preparation for use in another disaster.

- Questions about donor intent in emergency fund-raising can be avoided by unambiguous appeals and, if questions arise, can be addressed by polling donors and the general public at various times after the emergency.

- In a future event of this magnitude, the major philanthropies should consider designating a well-respected public figure who would provide daily media briefings on their responses.

Alphabetical List of Persons Interviewed

Nancy B. Anthony, Executive Director
Oklahoma City Community Foundation

Diego Arias (changed name)
Dislocated undocumented worker

Emary Aronson, Director, 9/11 Relief Fund
The Robin Hood Foundation

Amy Baker, Staff Assistant
Annie E. Casey Foundation

Jane Barker, Chief Program Officer
Safe Horizon

Stephanie Bell-Rose, President
Goldman Sachs Foundation

Bob Bender, CEO
American Red Cross in Greater New York

Theodore S. Berger, Executive Director
New York Foundation for the Arts

Susan V. Berresford, President
The Ford Foundation

Helene Bleiberg, Grants Administrator
Alliance of Resident Theatres/New York

Mindy A. Bockstein, Director of Policy Research, Crime Victim Advocate
Office of the New York State Attorney General

Steven Brill
Journalist and Entrepreneur

Amanda Brown, Goldman Sachs, Pro bono Analyst
9/11 United Services Group

Dennis G. Brown, Jr., Executive Director, AmeriCares HomeFront
AmeriCares Foundation

Jeanette Brown, Director of Media Relations
United Way of New York City

Ronna D. Brown, President
The Better Business Bureau Serving Metropolitan New York, Inc.

Barbara Bryan, President
New York Regional Association of Grantmakers

Gordon Campbell, Chief Executive Officer
Safe Horizon

Stewart F. Campbell, Financial Vice President and Secretary
Alfred P. Sloan Foundation

Curtis Carleton, Chief, Community and Family Services Branch
Federal Emergency Management Agency

Carolyn Cavicchio, Acting Deputy Director
Twin Towers Fund

Steve Cohen, Senior Associate
Annie E. Casey Foundation

John E. S. Connell, Vice President, Traffic & Logistics
AmeriCares Foundation

AnaMaria Correa, Vice President, Public-Private Initiatives, Inc.
Office of the Mayor of New York City

Michael Crouse, Chief of Staff
International Association of Fire Fighters

Ben Curran, Liaison to NGOs
FEMA

Ken Curtin, Liaison to NGOs, New York Office
FEMA

Stephen Dannhauser, President
New York Police and Fire Widows' and Children's Benefit Fund

Florence Davis, President
The Starr Foundation

Ralph Dickerson, Jr., President
United Way of New York City

John Duffy, Chairman and CEO
Keefe, Bruyette & Woods

Sara Englehardt, President
The Foundation Center

Jonathan F. Fanton, President
John D. and Catherine T. MacArthur Foundation

Kenneth R. Feinberg, Special Master, September 11th Victim Compensation Fund
U.S. Department of Justice

Tema Fishbein, Grants Officer, New York Arts Recovery Fund
New York Foundation for the Arts

Kristen Fries, Program Associate
Citigroup Foundation

Barry Gaberman, Senior Vice President
The Ford Foundation

Teresa Garcia, Director of Finance
Asociacion Tepeyac de New York

Tracy Gary, Communications Manager
American Red Cross September 11 Recovery Program

Julie Goldscheid, General Counsel
Safe Horizon

David Golush, Chief Financial Officer
New York Police and Fire Widows' and Children's Benefit Fund

Ralph E. Gomory, President
Alfred P. Sloan Foundation

Joshua Gotbaum, Chief Executive Officer:
September 11th Fund

Vartan Gregorian, President
Carnegie Corporation of New York

Louise B. Greilsheimer, Vice President for Agencies and External Relations
UJA-Federation of New York

William J. Grinker, President
Seedco

Teddy Gross, Executive Director
Common Cents New York

Gary Hattem, President
Deutsche Bank Americas Foundation

Bob Hurst, Chief Executive Officer
9/11 United Services Group

Paul Jellinek, Vice President
The Robert Wood Johnson Foundation

Alan Jenkins, Director, Human Rights and International Cooperation
The Ford Foundation

Chris Jenkins, Senior Director, Business Development and Director, New York
Nonprofit Finance Fund

Mitchell Knauffts, Publisher/Editorial Director
Philanthropy News Digest, The Foundation Center

Jack Krauskopf, Chief Program Officer
9/11 United Services Group

Lt. Colonel William LaMarr, Divisional Commander
The Salvation Army of Greater New York

Larry Levy, President
Twin Towers Fund

Thomas Lofton, Chairman
The Lilly Endowment

Julia Lopez, Vice President
The Rockefeller Foundation

Virginia P. Louloudes, Executive Director
Alliance of Resident Theatres/New York

Adriana Loyola, Caseworker
Asociacion Tepeyac de New York

Joel Magallan, SJ, Executive Director
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Lawrence Mandell, Executive Vice President and Chief Operating Officer
United Way of New York City

Elizabeth McCarthy, Senior Vice President
Safe Horizon

Mary McCormick, President
Fund for the City of New York

Una McHugh
Widow of a New York City Fire Fighter

Clara Miller, President
Nonprofit Finance Fund

Scott Millstein, Chief Operating Officer
Safe Horizon

William C. Nelsen, President
Citizens' Scholarship Foundation of America

Janice Nittoli, Senior Associate
Annie E. Casey Foundation

Barbara S. Perlmutter, Senior Vice President, Public Affairs
Marsh & McLennan Companies

Charles V. Raymond, President and CEO
Citigroup Foundation

Jack Rosenthal, President
The New York Times Company Foundation

Marilyn E. Rundell, Vice President, Scholarship Management Services
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Steven A. Schroeder, M.D., President and CEO
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Lorie A. Slutsky, President
New York Community Trust

Jon Small, President
Nonprofit Coordinating Committee of New York

Maureen H. Smyth, Vice President, Programs
Charles Stewart Mott Foundation

Eliot Spitzer, Attorney General
State of New York

Msgr. Kevin Sullivan, Executive Director
Catholic Charities Archdiocese of New York

T. Dennis Sullivan, Special Advisor to the President
The Andrew W. Mellon Foundation

Franklin Thomas, Chairman of the Board
The September 11th Fund

David J. Vidal, Director of Research, Global Corporate Citizenship
The Conference Board

Fred P. Vogel, Executive Vice President, Finance and Administration
Citizens' Scholarship Foundation of America

Martin Wechsler, Director of Programming
The Joyce Theater

Eileen White, Vice President and Director, Charitable Services Group
Goldman Sachs Group

William S. White, President and CEO
Charles Stewart Mott Foundation

Catherine Wichterman, Program Officer, Performing Arts
Andrew W. Mellon Foundation

Stephen Wisch, Chief Operating Officer
9/11 United Services Group

Kathryn Wylde, President and CEO
New York City Partnership and Chamber of Commerce