



Giving to Israel: American Institutional Philanthropy to Israeli Nonprofits

The Israeli nonprofit sector raises more than half of its philanthropic funding from abroad; thus, the scope of giving from US to Israel is a topic of constant curiosity. The trends of giving in recent decades as well as questions regarding focus on causes, impact and magnitude continue to provoke both theory and practice.

In this report, we shed light on two basic questions: Who gives? And how much? Additionally, we reveal how, even in the era of detailed reporting and digital data, transparency is vague, and thorough manual inquiry is still necessary.

Jamie Levine Daniel

Paul H. O'Neill School of Public
and Environmental Affairs,
Indiana University-Purdue
University Indianapolis

Galia Feit

Institute for Law and
Philanthropy,
Buchmann Faculty of Law,
Tel Aviv University

Osnat Hazan

Institute for Law and
Philanthropy,
Buchmann Faculty of Law,
Tel Aviv University



The Institute for
Law and Philanthropy
Buchmann Faculty of Law
Tel Aviv University



O'NEILL
SCHOOL OF PUBLIC AND
ENVIRONMENTAL AFFAIRS
IUPUI

Part I: Findings – What we know

We identified 1,179 funding organizations giving to Israeli nonprofits (grantees) a total of \$1.8 billion in 5,597 separate grants (for year 2015). While the average individual grant was approximately \$324K, the average sum of grants per funding organization was \$1.5 million.

We categorized the funding organizations into four categories: ‘Friends of’, ‘Centralized’, ‘Family Foundation’, and ‘Other’ (see Table 1).¹ ‘Friends of’ organizations constituted the largest identified group on the list (349), likely a result of the growing efforts of Israeli nonprofits to establish a simple and direct outreach to dispersed potential donors abroad. ‘Centralized’, the smallest identified group with 43 organizations, are mostly the expression of organic collective giving, organized around the sense of Jewish community or shared legacy. ‘Family Foundations’ (292 organizations), are those that primarily rely on private assets and management, and direct their funding to one or several grantees.

‘Friends of’ funders also led the list of total grants, giving 757 grants representing 41% (\$752 million) of total grants. ‘Centralized’ funders gave 1,654 grants for a total of \$707 million. Though, as mentioned, this group comprised the smallest number of organizations for any funder type, the total sum of grants given by them represents 39% of total grants. ‘Family foundation’ funders make up 25% of the funding organizations, giving 5% (\$87 million) of total grants.

Table 1: Giving to Israel by Funder Type (2015)

Funder Type	Number of Funders	% Total Funders	Number of Grants	Total Grants (\$ million)	% Total Grants	Average Grant \$	Average Sum of Grants per Funder \$
All	1,179	100%	5,597	1,815	100%	324,208	1,539,094
Friends of	349	30%	765	752	41%	982,916	2,154,530
Centralized	43	4%	1,654	707	39%	427,733	16,452,804
Family foundation	292	25%	771	87	5%	112,491	297,023
Other	495	42%	2,407	268	15%	111,533	549,799

Furthermore, the top 10 funders accounted for 44% of total grants (\$792 million). Among them six ‘Centralized’ funders accounted for 33% of total grants, but also four ‘Friends of’ funders emerged as significant donors, once again demonstrating the rise of this type of funder in a landscape historically dominated by centralized/legacy funders.

Table 2 demonstrates four selected causes² that attract donations. We identified 448 funders (38%) giving approximately \$266 million to Jewish-religious causes. 56 funders (5%) were identified as Christian funders, giving approximately \$56 million in total, the average sum of grants per this type of funder being \$1 million.

Table 2: Giving to Israel, Selected Causes

Causes	Number of Funders	% Total Funders	Number of Grants	Total Grants (\$ million)	% Total Grants	Average Grant \$	Average Sum of Grants per Funder \$
Jewish-religious	448	38%	1,939	266	15%	137,260	594,080
Christian	56	5%	500	56	3%	112,638	1,005,700
Higher Education	13	1%	29	206	11%	7,104,276	15,848,001
Health	11	1%	16	81	4%	5,080,717	7,390,134

Additionally, we identified a small number of funders giving exclusively to higher education or health institutions in Israel (13 and 11 respectively, less than 1% of the total number of funders for each category). Though few in number, the average total grants were large (\$7 million and \$5 million respectively). The average grant per funder for higher education also stands out at nearly \$16 million.

Notably, approximately 100% of the funds towards higher education and health causes were transferred from ‘Friends of’ funders. When it comes to the Jewish-religious cause, there is more of a mix: 56% of funds originated from ‘Friends of’ funders, 42% from unidentified ‘Others’, and only 2% and 1% from ‘Family foundations’ and ‘Centralized’ institutions respectively. These findings imply that ‘Centralized’ institutions and ‘Family foundations’ might be focusing their giving on other causes not highlighted in this report, or give to multiple causes, both of which are difficult to track due to lack of information.

Building on prior knowledge

The empirical questions regarding the scope of donations from American philanthropies towards Israel have been long-standing. In their groundbreaking study, Fleisch and Sasson (2012)³ attempted to enumerate American Jewish giving to Israel based on the manual collection of available data. They identified 774 funders who raised a total of \$2.1 billion in 2007. They further estimated that \$1.6 billion were actually transferred to Israeli nonprofits (after deducting estimated costs and expenses from the total sum raised). It is fair to assume that the cumbersome process hindered potential repetition for following years.

The current study breaks new ground by applying datamining processes to digitized, publicly available data in order to answer these specific, concrete, persisting questions.

Our digital data study enables two main advantages compared to the previous study. First, we captured various types of funders, including both Jewish and non-Jewish. Some but not all of these funders had been identified by the previous study. Second, examining individual grant data allowed us to identify total sums **actually** transferred and granted, rather than evaluating the total of grants based on total income and total (or evaluated) operational costs.

Our account of the transfers of philanthropic funding from American institutions to Israeli grantees accumulates, as mentioned above, to **\$1.8 billion** (2015). Note that if we were to compare 2007 data with 2015 data we should account for the changes in price levels. Thus, Fleisch and Sasson's actual findings in 2015 prices would be **\$1.9 billion** granted.

Scholars and practitioners in this field hold a common assumption that American **Jewish** philanthropies have transferred approximately \$2 billion to Israeli grantees annually since at least 2007, which is a misrepresentation of Fleisch and Sasson's actual findings. Even were this true, and we were to assume **no growth in real value** in American Jewish philanthropy to Israel since 2007, \$2 billion in 2007 would mean \$2.3 billion in real values in 2015. Thus, our findings, which are more inclusive in terms of donors and yet somewhat lower in terms of funding, lead us to suggest that this assumption is an over-estimation.

Furthermore, we suggest that future discussion on that matter would be in real values. For instance, \$2 billion in 2007 with no real change would mean \$ 2.6 billion in real values in 2021.

Part II: Methodology – A detectives' work

Creating the dataset

This study was inspired by a prior research on the trends of giving within American Jewish philanthropies between 2000-2015.⁴ Initially we dove into that more expansive dataset in order to explore the scope of giving to Israel by American Jewish philanthropies. However, as it turned out, as a result of the data collection method, that dataset did not include a full account of funds transferred by 'Friends of' type, which were beyond the scope of that research. We therefore were compelled to create our own separate dataset in order to better explore and expose the scope of giving to Israel by American institutional philanthropies. We turned to GuideStar database on nonprofits and in order to enable comparison, we chose to mine data relating to 2015 (which was the last year included in the original expansive dataset). This decision was also supported by the fact that, at the time, 2015 was the most recent year for which full data was available.

This turned into detective work that started with the Internal Revenue Service (IRS).⁵ Tax disclosure requirements in the US ask nonprofit organizations to disclose information about grant sizes and some other very limited details about the geographic locations of their recipient grantees. These disclosures come via the IRS Form 990 and IRS Form 990-PF Return of Organization Exempt from Income documents, that all registered tax-exempt organizations must file. Our first step in creating our own dataset was to identify where on the IRS 990 and IRS 990-PF forms one might *expect* to see the recipient country. By design, no field explicitly asks for this information. However, we found some indications for international activity reporting on Part IV Checklist of Required Schedules.

Funders answering "yes" to the relevant questions must then fill out 'Schedule F'. By design, 'Schedule F' only asks for region, and not specific country. In the case of Israel, our region of interest is the Middle East.⁶ With the aim of further focusing our search, we identified additional fields within the IRS 990 forms where country or grantee information *might* appear (such as Organization name, Summary, Statement of Program Service Accomplishments). This iterative process allowed us to create a list of identifiers likely signaling donations to Israel such as Zion, Judea, Samaria, and cities such as Tel Aviv, Jerusalem, Haifa and other key locations.⁷

Refining the data

GuideStar provided us with a dataset that included organizations with clearly identified transfers to Israel, but also contained false positives. We removed some of the organizations when further examination showed either they did not give to the Middle East, or they clearly indicated destinations outside of Israel. However, for some organizations, finding definitive evidence of giving to Israel required secondary sources, such as organization websites.⁸ Based on our data cleaning as mentioned above and coding processes, we were able to make definitive or informed decisions about the grants towards Israel.⁹ Eventually, this narrowed the dataset to **1,179 funding organizations giving to Israeli nonprofits a total of \$1.8 billion in 5,597 separate grants.**

Part III: Limitations on the Data – Digital data, manual inquiry

As with all studies, this one has its limitations. We focus here on major structural limitations that may impose on further studies of this sort. The most prominent of these is that IRS reporting does not ask funders to name the specific countries in which their recipients are located. This is a procedural change dating to 2008.¹⁰ However, the current iteration of the IRS 990 Form requires reporting on a regional basis alone.¹¹ Therefore, the endeavor to use this data to track transnational flows is, by its very nature, flawed. This means that the process can be automated to a point to narrow the net, but cannot completely or fully identify the population of interest. The current classification by region is not only too geographically broad, but clusters countries with very different and unrelated social and political orientations. Thus, while the regional information narrows down the scope of data to work with (manually), it does not indicate in any way what data are relevant. Additionally, the lack in information regarding grantees hinders the possibility of further exploring the preferred causes for donations.

As for the 990-PF Form: reporting on grants to foreign countries is voluntary for Private Foundations, as PF compliance guidelines do not include a report of international grant making (i.e., no mandate for a 'Schedule F').¹²

Concluding discussion

This study aimed at testing the possibility of answering long-lasting questions regarding cross-border philanthropy using digital data mining processes. Our findings shed light on who is giving and how much. **We also show that previous assumptions as to the scope of Jewish American Diaspora giving towards Israeli nonprofits have been over-estimated.**

Replicating this study for following years for validation and further findings is possible owing to the digitized data, but not as an automated process. **However, digitization does not compensate for lack of data due to reporting requirements and guidelines, therefore leaving in want information, analysis and findings regarding grantees causes and grant targets.**

The demand for more detailed information on administrative reporting is an integral part of a larger debate on transparency and accountability regarding cross-border philanthropy (grantors and grantees). On the one hand, the public has a right to know how nonprofits and social services are funded, especially in cross-border funding situations. On the other hand, in some socio-political settings disclosing this type of information might jeopardize grantees. So, civil societies committed to accountability and transparency need to uphold protections for organizations who could be harmed by this type of sunlight. We acknowledge these concerns and attempt to strike a balance in presenting the macro-level trends we identified through this work.

Notes

- 1 We coded all funders under four main categories to indicate a structural typology. Our categorization is indicative but not definitive:
 - ‘Friends of’ – their main purpose is to support one specific Israeli grantee. Accordingly, we included all funders recognized by name as such and funders that we identified as giving to one unique grantee (i.e., American Society for Technion – Israel Institute of Technology Inc).
 - ‘Centralized’ – these include major Diaspora funders such as Jewish Federations and other funders that compile contributions from multiple donors and distribute funds to multiple organizations and causes (i.e., United Israel Appeal Inc).
 - ‘Family foundation’ – private foundations funded and governed primarily by members and assets of one family (i.e., The Leona M & Harry B Helmsley Charitable Trust).
 - Other – funders that we could not identify as falling into the first three categories based on available information.
- 2 We chose to focus on four main causes known to attract interest and that were relatively identifiable either by funder or by grantee, where data was available. Here again, these are indicative but not definitive. We identified funders as **Jewish-religious** if they were Jewish-religious institutions themselves or if they were giving to grantees identified as engaged in religious Jewish activities such as synagogues, yeshivas and other types of Jewish education (excluding the academic and semi-academic sphere) or religious/cultural activities. Most of these seemed Orthodox, but denominations could not be definitively verified. We identified funders as **Christian** by name or if they supported Christian-related causes or sites of interest. We identified funders of **Higher Education** or **Health** causes by their names or by their grantees when data was available. The Health causes category includes institutions supporting hospitals only (rather than a variety of health care grantees).
- 3 See: [Fleisch, E., & Sasson, T. \(2012\). The new philanthropy: American Jewish giving to Israeli organizations.](#)
- 4 Lead by Hanna Shaul Bar Nissim. For an elaborate explanation of the comprehensive research setting, methodology and data mining process see: Shaul Bar Nissim, H., Brookner, M.A. Ethno-Religious Philanthropy: Lessons from a Study of United States Jewish Philanthropy. *Contemporary Jewry* 39, 31–51 (2019). <https://doi.org/10.1007/s12397-019-09293-3>
- 5 The IRS is the agency within the US Department of Treasury that is responsible for collecting taxes from individuals and organizations. The IRS is responsible, in part, for determining the tax status of organizations, which has implications for tax burdens and determines whether an organization is functionally a nonprofit.
- 6 Middle East region includes the following entities: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, and Yemen *Instructions for Schedule F (Form 990)*, 2019.
- 7 We are grateful to Ms. Anat Kliger-Herbst from the Institute for Law and Philanthropy for her expansive and thorough efforts on this detective-like quest.
- 8 For each organization indicating Middle East but not Israel, we consulted web-based sources including organizational websites and profiles on charity watchdogs such as GuideStar, Charity Navigator, and/or ProPublica’s Nonprofit Explorer to identify grant activity destinations
- 9 Removing from the final dataset funders and grants to organizations in Gaza and the West Bank unless they were registered organizations under Israeli law and regulation. Additionally removing from the final dataset funders and grants towards unclear destinations.
- 10 Initially identified together with Hanna Shaul Bar Nissim, through her comprehensive research mentioned above. See also Takagi, G. (2008, January 4). *Schedule F of Redesigned Form 990 – Statement of Activities Outside the U.S. – Nonprofit Law Blog*. Nonprofit Law Blog. <https://nonprofitlawblog.com/schedule-f-of-r/>
- 11 *ibid.*
- 12 See in the [IRS guidelines for more detail](#)