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EDITORIAL

Science Funding and Private Philanthropy

At the turn of the last century, wealthy citizens like Andrew Carnegie and John D. Rockefeller created a new vision of American philanthropy. Foundations with large established endowments were to supply venture capital for the common good. And giving should be strategic—philanthropy should not simply respond to needs but should look for investment opportunities that yield significant returns.

During the first half of the 20th century this view of strategic philanthropy guided the formation of several private foundations. When establishing the Josiah Macy Jr. Foundation, Kate Macy Ladd wrote, "Experience seems to show that in an enlightened democracy private organized philanthropy serves the purposes of human welfare best by investigating, testing, and demonstrating the value of newer ideas." Scientific research, coming of age in America at the same time as organized philanthropy, benefited greatly from foundations' support. From the 1890s to the 1940s private foundations were the major independent source of funding for all biomedical research. In 1940, foundations provided 27% of the $45 million spent on health-related research.

After World War II, federal agencies assumed the dominant role in funding scientific research. By the mid-1980s, total funding for research had ballooned to $14.8 billion. Foundations, the private academic sector, and voluntary health associations such as the American Heart Association contributed only 5% of that total. Private foundations, facing multiple demands on their limited resources, increasingly questioned the impact of their support for science compared with the funding provided by the federal government. The 1995 report "Foundation Giving," published by the New York–based Foundation Center, estimated that while more than 50% of foundation grant dollars are targeted to education and health and human services, only 4% of grant dollars are targeted to science and technology. Only 2% of grant-making foundations support scientific research.

The transition from the 20th to the 21st century provides American philanthropy with an opportunity to review its history and to renew its commitment to science. Before 2040, the United States will experience the largest intergenerational transfer of wealth in its history. Walter Russell Mead discussed this transfer of wealth in the premier issue of *The American Benefactor*. A conservative estimate of the amount of money due to be inherited by baby boomers from their frugal, postwar parents is $10 trillion. Although it is impossible to know what percentage of this wealth will be earmarked for charitable purposes, extrapolation from the rate at which new foundations are being created (approximately 1000 per year) and the rates of current philanthropic giving suggests that about 10% or $1 trillion could be set aside for philanthropic purposes. If the bulk of the $1 trillion endows private foundations, current IRS regulations would require that 5% of that amount, or $50 billion, be disbursed each year—a potential tripling in annual foundation giving. Such an occurrence provides an unprecedented opportunity to increase the amount of private funding available to support scientific research and technological development.

Advances in science speak directly to a number of issues concerning the United States and the world. As we worry about the needs of an aging population, neuroscience and genetics are unraveling the mysteries of Alzheimer's disease. As we struggle with how to provide quality education to increasingly diverse populations, scientists are learning much about how the human mind develops and learns. As we deal with increasingly global problems, researchers are developing sophisticated tools to model complex systems such as climate, population, and the emergence of disease that can be used to guide policy and inform decision-making. At the same time, fiscal constraints make it unlikely that the federal government can significantly increase its support of science. As with the coming of the 20th century, the coming of the 21st century presents private foundations with opportunities to support science and technology in the spirit of Carnegie, Rockefeller, and Kate Macy Ladd. However, unlike a century ago, private foundations can best accomplish this by joining in partnerships with other foundations, federal agencies, corporations, and individuals. In the new century, support for science must become a national, rather than federal, responsibility.

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