SHIFT HAPPENS:
Understanding how the world is changing
JUNE 2014
CHANGING FACES IN OUR COMMUNITIES

The demographics of American communities are changing. The population is aging, and in many communities, ethnic diversity is rapidly increasing. People of color are expected to become the majority in the United States by 2043, when the white population will likely dip below 50 percent.

Amid these changes, the traditional face of philanthropy — white, male, and older (oftentimes even dead) — will almost inevitably give way, with a far more diverse group poised to take up the mantle of community change. As women increasingly become heads of households, and immigrants and people of color change the face of our schools, our workforce, and our electorate, community philanthropy organizations have an opportunity to reimagine how to engage and work with these groups.

At the same time, two large bulges in the population — millennials and baby boomers — are reaching their next phase of life: boomers are reaching retirement, and the millennials are moving into the workforce. Both transitions present important opportunities for community foundations to capture new wealth and new volunteers, and may require changes in how funders think about, serve, and approach these groups.

As you read this section, consider how the makeup of your own community is different from 10 or 20 years ago and how those changes may continue to grow. How well are you positioned to work with these new groups — as donors, as community partners, and as the recipients of services that your organization funds? How can you become more inclusive and responsive moving forward?
NEW MAJORITY

By 2043, whites will no longer be the majority in the United States. The Latino population is likely to skyrocket, Asian and African American populations will continue to grow, while the white population is expected to peak in 2024 and slowly decline afterward.\(^1,2\) This unprecedented demographic change will vary widely by region. People of color already represent the “new majority” in California, Texas, Hawaii, and New Mexico, while in other areas, especially in the Midwest, they will take far longer to reach that threshold.

How these demographic changes will affect our communities remains unclear. Currently, many emerging groups still face significant challenges and structural barriers, such as high poverty rates and low educational attainment. But over time, if they have not already, these groups will carry enormous political power that may shift national systems and ideologies. As producers and consumers, their preferences will help shape the future economy. As community leaders, they will form new coalitions and shift local priorities. And as philanthropists, they will likely challenge and adapt current practices to fit their specific needs.

How Others Are Responding
Promising approaches from the field

**Support and connect new donor groups:** The Community Investment Network is a national network of African-American giving circles that provide technical assistance to its member circles, as well as to small and medium-sized nonprofits led by people of color, through conferences and connective technology. Recently, the Network and a group of community foundations have been organizing quarterly calls about best practices for engaging donors of color.

*Takeaway for your organization:* Consider how your organization could best connect with donors of color in your community. Beyond giving circles, how can you include more people of color throughout your organization’s work?

**Actively promote inclusion and racial equality in the social sector:** The Denver Foundation’s Inclusiveness Project supports Denver nonprofit organizations and funders to advance racial equity and inclusion in the community. The Project conducts research, hosts events, and gives nonprofits the tools to create a welcoming environment to amplify the inclusion of highly qualified people of color as board members, staff, and volunteers. The Project also increases the pipeline of people of color joining nonprofits through various programs, including grants to leadership programs for people of color and a 10-week summer internship for emerging leaders of color.

*Takeaway for your organization:* Ask how your organization could support leadership development for people of color interested in the social sector.

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1. Source: U.S. Census Bureau
2. Source: W.K. Kellogg Foundation
3. Percentage of Total U.S. Population by Race/Ethnicity
4. Total Number of Racial/Ethnic Identity-Based Funds

Over the next 50 years, whites as a percentage of total population will fall sharply, largely replaced by Latinos.

Phanertropic vehicles focused on ethnicity have ballooned in the past 40 years — now raising hundreds of millions of dollars each year. If current philanthropic organizations don’t fit with these growing populations, they will likely find ones that do, or create new vehicles for giving.
Immigration is changing the makeup of many communities, creating both new challenges and new opportunities. After steady waves of immigration in the 1990s and 2000s, the U.S. foreign-born population has increased dramatically and is now at a level comparable to that of the early 1900s. And just as the early 1900s’ immigrants made a clear mark on this country, so too will this new cohort, although their cultures and places of origin will look different from the last century’s wave of newcomers.

Immigration is changing in other ways as well. Through technological and logistical advances, immigrants are often more connected to their home regions than in the past, both physically and virtually. They regularly communicate with loved ones in their home countries, return to visit, and, increasingly, give back financially. But for many new immigrants, key challenges remain, particularly around legal, cultural, and economic hurdles. Foundations often face a dual mission: proactively helping new immigrants (documented or not) better settle in their communities and engaging more established immigrant populations to give back to those both in their old homes and their new ones.

**Real Remittance Outflows Per Year in 2012 Dollars**
(1970-2012)

- **1970**: $20B
- **1982**: $40B
- **1992**: $60B
- **2006**: $51B
- **2012**: $60B

Established immigrant communities give back over $50 billion annually to their home countries, a figure that has doubled over the past 30 years.

The top four countries receiving U.S. remittances in 2012 were Mexico, China, India, and the Philippines.

**Percentage of Immigrants by Origin**

- **Latin America**: 44%
- **Canada and Europe**: 38%
- **Africa and the Middle East**: 15%
- **Asia**: 9%

Not since 1920 has the percentage of foreign born Americans been so high. As of 2010, there were 40.0M living in the U.S.

Immigrants are increasingly coming from Asia, Africa, and the Middle East. Immigration from Mexico has fallen considerably in absolute and relative terms.

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**Policy advocacy as part of immigration work: The New York Community Trust**

The **Fund for New Citizens** started the **Fund for New Citizens** to offer a broad set of approaches that benefit new immigrants. Grants support legal assistance for hundreds of immigrants each year who file for legal status, including citizenship and permanent residency, policy advocacy around immigrant rights, capacity building for immigrant-led nonprofits, and even a class action lawsuit that successfully challenged the severe backlog in processing citizenship applications.

**Takeaway for your organization:** Recent immigrants are often among the most vulnerable in a community. In addition to support through nonprofits, how can your organization create a more welcoming environment for new immigrants?

**Focus on immigrant employment: The Vancouver Foundation**

Recognized that new immigrants were less likely to be employed and that when they were employed it was often for low wages. To shed light on these issues and creatively imagine new solutions, the Foundation created the **Immigrant Employment Council of British Columbia** in 2008. Working with the public and private sector, the group implemented a number of new measures to improve the immigrant employment situation, such as an immigrant workforce development initiative; an online tool to assist employers in assessing international credentials, including work experience and English language proficiency; and a mentorship initiative to help businesses better engage their recent-immigrant workers.

**Takeaway for your organization:** Employment is often a significant barrier for recent immigrants, and one that often requires both the public and private sector to address. Think about how you can use your convening ability, or any other tools at your disposal, to jointly explore solutions with others.
Millennials — Americans born after 1980 — are the largest generation in U.S. history and will soon make up a significant and influential force in society. Their views on everything from politics to business to philanthropy are already forcing organizations to adapt, and as they replace baby boomers as the largest segment of the American workforce, this pace will only accelerate.

Millennials currently face a number of challenges in the early part of their career. Despite graduating from college in record numbers, many are likely to be underemployed in today's economic environment, slowly paying off large student loans and still relying on their parents. Despite these challenges, there is evidence to suggest that millennials are more civic minded than previous generations and are looking to have an impact on social and environmental causes they care about. And as children of the baby boomer generation, they stand to inherit large amounts of wealth over time that can help make these passions a reality.

84% prefer to give online, and only 11% prefer to give over the phone. Millennials tend to support causes, not necessarily organizations. Their top three motivations for getting involved are passion for a cause, meeting new people, and gaining professional expertise. Millennials are looking beyond nonprofits to create impact. When asked what the primary purpose of business is, 36% of Millennials replied to “improve society,” edging out the 35% who said “generate profit.”

How Others Are Responding
Promising approaches from the field

**Value a diverse youth voice:** After a shooting at a downtown all-ages club in Tacoma, Washington, a number of residents openly speculated whether “those kids” should have even been there in the first place. Recognizing the divide between urban youth and others in the community, as well as the need for diverse youth representation, The Greater Tacoma Community Foundation created the Youth Philanthropy Board to give underrepresented youth in the community a chance to direct $75,000 of grantmaking annually and to shape the Foundation’s broader youth engagement strategy. The group has chosen projects that resonated with their peers and has provided Foundation staff insights into Tacoma’s youth culture that they may otherwise have missed. From this youth engagement came notable projects, which include bringing Archbishop Desmond Tutu to Tacoma and sponsoring alternative urban art events, like krumping.

**Takeaway for your organization:** Consider how your organization can better understand a diversity of young people's views on directing grant funding, as well as what it would be if it allowed them to do so.

**Emphasize issues and networking:** Young professional giving circles are another popular option for millennial donors, but they often need to highlight elements that are different from more traditional giving circles. For instance, the Community Foundation for Northern Virginia’s Future Fund is issue based and heavily emphasizes the networking element, two aspects that tend to resonate with millennials. Donors pay affordable dues ($200 per year for donors in their 20s, $300 per year for donors in their 30s, and $400 per year for donors in their 40s), annually choose an issue area they want to focus on (e.g., poverty reduction), and then democratically distribute funds. On the networking side, the group, now more than 130 strong, also holds monthly events and hosts an awards gala, which in 2013 helped to recruit 28 new members and raise additional funds for grantmaking.

**Takeaway for your organization:** There are many differences your organization needs to consider when engaging millennials, but be sure to think about how to make your efforts more aligned around priority issues, networking opportunities, and professional development.
Before the millennials, there were the baby boomers. America’s first mega-generation began turning 65 in 2010 and will continue to do so at the rate of 10,000 a day until 2030.15 And after they retire, they will remain active community members for quite some time, with baby boomers expected to have an average lifespan of more than 80 years.16 Engaging with this group represents a huge opportunity for businesses, governments, and philanthropy organizations alike.

Boomers hold much of the economic power in this country: it is estimated that this cohort will control as much of 70 percent of American disposable income by 2017,17 and through their estates, they are expected to transfer trillions to their families and favorite causes over the coming decades. However, as boomers live longer than previous generations, they will also likely stress social programs, such as Medicare and social security, as well as their own savings accounts. They are the first generation to rely primarily on 401(k)s and other self-directed retirement vehicles (rather than pension plans), and many are still recovering from the economic downturn.

### How Others Are Responding

**Promising approaches from the field**

**Actively recruit retiree volunteers:** With the support of national funders and local partners, The Oregon Community Foundation helped to launch a pilot program called *Boomers and Babies* to promote baby boomer volunteerism in early-childhood settings. In addition to engaging new volunteers, early-childhood educators saw improvements in their classrooms, including increased school-readiness for the children, lower children-to-adult ratios, and more time spent on reading activities. The Foundation has documented detailed learnings and lessons from the program on the website ready4volunteers.org.

*Takeaway for your organization:* Your organization may be able to leverage the considerable time, energy, and expertise of newly retired baby boomers in a structured way.

**Plan now for the coming transfer of wealth:** The Nebraska Community Foundation has researched and mapped the statewide intergenerational transfer of wealth over the next 50 years and is developing localized plans to direct some of that wealth toward charitable purposes. The research estimates the amount of wealth that will be transferred in each county and region, predicts the peak years for that transfer, and paints the picture of how dedicating 5 percent of that transfer to endowed community funds could benefit the state. To help spread this message, the Foundation has organized local affiliated funds that share these findings and help raise endowments for specific regions of the state.

*Takeaway for your organization:* Think of where your organization can get, or how it can create, good data about the demographics in your community to better understand exactly where and when opportunities for wealth transfer will arise.

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**Source:** U.S. Administration on Aging, U.S. Census Bureau

**Source:** Accenture, Cerulli Associates

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**Percentage of Total U.S. Population Age 60+ 18 (1900-2050)**

![Percentage of Total U.S. Population Age 60+](chart)

More than 25% of the U.S. population will be older than 60 by 2050. Social programs designed in the 1940s and 1950s, when senior citizens made up only 10%–12% of the population, may struggle to keep up with demand.

**Total Amount of Retail Investments by Baby Boomers19**

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<th>Amount Invested</th>
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<tr>
<td>&lt;$500K</td>
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<tr>
<td>$500K-$5M</td>
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<td>&gt;$20M</td>
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The upcoming intergenerational transfer of wealth from baby boomers to their heirs is expected to be $30 trillion. One study, looking only at the $15.4 trillion that baby boomers invest in retail investment products, found that boomers with investments of $500K-$5M controlled the largest amount of wealth.
OTHER TRENDS TO WATCH

Rise of Women

Today, women earn the majority of associate, bachelor’s, master’s, and doctoral degrees. And in 40 percent of households with children under the age of 18, women are the primary provider. Yet women still face systemic challenges, earn less than men, and are underrepresented in corporate and political leadership positions. As women’s economic power grows, look for successful institutions to adapt and for traditional power structures to realign.

Religion

While a record 20 percent of Americans were unaffiliated with a religion in 2012, the importance of religion for certain populations remains very high. 61 percent of both Hispanic Catholics and Black Protestants indicated that “belonging to a community of people who share your values and beliefs” is very important, the highest of any group, compared to only 28 percent for those unaffiliated with a religion. When low-income African-American parents were asked which groups were the most “influential, trustworthy, and effective” at helping their children do well at school, “churches and church groups” ranked number one, beating both parents and teachers. For foundations and nonprofits looking to connect with these groups, working with religious leaders and organizations might make special effort to welcome these new members, or to stay in touch with those that leave.

Urbanization

From 1950 to 2016, about 20 percent of the population moved each year. That percentage has slowly declined over time, and today only 11.7 percent of the nation moves each year, and among those that do, an increasing number stay within their original state and county. However, one group that is bucking this trend is the highly educated. Those with a graduate degree are more than twice as likely to move across state lines compared to those with only a high school diploma. As part of a well-formed donor relations strategy, community philanthropy organizations might make special effort to welcome these new members, or to stay in touch with those that leave.

Moving

Today, 80.7 percent of Americans live in urban areas, compared to only 56.5 percent in 1940, a trend that is expected to continue. As population centers shift to cities, urban leaders often struggle to ensure equitable housing, transportation, and other services, while many rural areas experience depopulation and struggle to maintain a sustainable community.

SOURCES

7 The United States does not officially track where remittance payments flow. Data are World Bank estimates based on flows into the recipient countries.
8 Pew Research Center, http://www.pewforum.org/2013/05/17/the-religious-affiliation-of-us-immigrants/#geography
11 Ibid.
17 Ibid.
18 U.S. Administration on Aging, U.S. Census Bureau
22 U.S. Census Bureau, http://www.census.gov/geo/reference/ua/urban-rural-2010.html
26 U.S. Census Bureau, http://www.census.gov/hhes/migration/
IDEAS FOR TAKING ACTION

A sampling of approaches to consider

**Lower intensity**
- Research how demographics are changing in your geographic area. What are the largest population groups? The fastest growing? Which are shrinking? Whose voices are not being heard? Beyond the research, think about how you might consult with others in your community to explore these questions together.
- Assess which institutions in your community are already serving (or are positioned to serve) specific population groups really well. Where are the elderly turning to for support? The emerging professionals? Immigrants? Try to map these organizations in your community.
- Bring in leaders from various demographic groups to help increase your staff and board’s sensitivity to, and understanding of, the needs and priorities of these groups.

**Medium intensity**
- Bring together different stakeholders in your community to discuss challenges and opportunities related to the shifting demographics in your community. Make a deliberate effort to ensure that you include underrepresented groups in the conversation.
- Track the distribution of your organization’s grantmaking. How much of your grantmaking is going to those serving traditionally excluded groups in your community? Have a discussion with your staff or board to consider ways of addressing this issue if the distribution of your grants doesn’t look the way you feel it should.

**High intensity**
- Launch giving circles or identity-specific field-of-interest funds as a way to engage different groups in your community. Work to adopt lessons learned from these endeavors into your traditional grantmaking. How else can you help attract nontraditional donors and help them learn and give more effectively?
- Take action to ensure the demographics of your organization reflect those of your community. Does your staff and board reflect the makeup of your community? If not, what steps could you take to change that?

**Imagine: What if your organization...**
- ...had someone — or several people — under the age of 30 on your board, or if the board was composed of a majority of people of color?
- ...put traditionally excluded groups (low-income residents, young people, undocumented immigrants, etc.) in charge of making grant decisions for a designated fund?
- ...helped to sway public opinion to see immigration as an important economic, cultural, and social force in your community?

What ideas come to mind for your organization?
ABOUT THE WHAT’S NEXT FOR COMMUNITY PHILANTHROPY INITIATIVE
This document is part of the What’s Next for Community Philanthropy toolkit, which was published by Monitor Institute in June 2014 with support from the Council on Foundations, the Charles Stewart Mott Foundation, the W.K. Kellogg Foundation, and Community Foundations of Canada, along with more than 15 North American community foundations.

The What’s Next toolkit aims to help community philanthropy organizations apply innovation and design methodologies to think creatively about their business models and the broader future of the field. The research for this toolkit involved nearly 200 interviews with leaders of community foundations and other community philanthropy organizations, as well as more than a dozen interactive workshops and user feedback sessions.

Visit monitorinstitute.com/communityphilanthropy to learn more about the What’s Next toolkit and research methods.

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