In the recent decades, the amount and size of family foundations have increased substantially in the United States and China. Yet little research has examined this phenomenon and its impact on social development, particularly in China. In this study, we use the Context, Input, Process, and Product (CIPP) evaluation model to examine the status and roles of family foundations in the U.S. and Chinese society. Our case studies of four family foundations (two U.S. and two Chinese) suggest that these foundations were established in different contexts. Their input, process, and product vary by their mission, size, and context. Our findings provide policy implications for developing family foundations and maximizing their positive impacts on social development in the U.S., China, and beyond.

Keywords: Family foundation, Philanthropy, CIPP, China, United States
Introduction

Modern entrepreneurs are accumulating wealth earlier in their lifetimes than those of previous generations. Many of them seek fulfillment outside of their businesses. While there are a variety of approaches to charitable giving, it can be argued that family foundations offer donors more control, flexibility, and visibility than do other forms of philanthropic foundations (Boris, Vita, & Gaddy, 2015). As a result, the United States has seen a significant increase in the number of private family foundations in the past decades. For example, number of family foundations increased by 44% from 29,400 in 2001 to 42,300 in 2013 (Foundation Center, n.d.a). The respective assets and giving of these family foundations increased by 105% and 92%, from $177 to $363 billion, and from $13 to $24 billion respectively (Foundation Center, n.d.a).

Likewise, China’s economy has dramatically increased in recent decades (Cai & Wang, 2002, 2010), and the release of Foundation Regulations in China in 2014 stimulated an increase in private foundations within the country. The number of foundations has increased from 733 in 2004, to 2,198 in 2010, and to 4,854 in 2015 (China Foundation Center, n.d.). It was estimated that there were 35 family foundations in China in 2014, and their total assets and philanthropic spending were $1.6 billion and $320 million RMB respectively in 2013 (China Foundation Center, 2014).

These trends reflect the growth of wealthy individuals and the growing sense that through family foundations individuals can have a positive effect on social development (Barchi et al., 2015; Boris, Vita, & Gaddy, 2015). However, despite this substantial rise and importance of family foundations over the past decades, little is known about family foundations’ development and social impact (Boris, Vita, & Gaddy, 2015). As income inequality continues to expand in the United States and China (Saez & Zucman, 2014; Xie & Zhou, 2014), increase in family foundations, along with their philanthropic giving, may reduce negative effects of income inequality in vulnerable populations (Acemoglu, 2013; Barchi, et al., 2015). Yet research on family foundation is still a dearth, particularly in China. This study investigates the current status of family foundations in the U.S. and China, examines family foundations’ context, input, process, and product, and discusses their social impacts through case studies. The findings provide policy implications for developing family foundations, particularly in China and other countries where family philanthropy is at the early stage.

Definition and Historical Development of Family Foundation

Although the term “family foundation” has been used widely in the media and research, there is no standard definition of family foundation. Nor is there a legal classification for the term in Internal Revenue Service. In practice, a family foundation typically refers to a private foundation, whose funds are derived from members of one family, and whose family members are actively involved in the operation of the foundation (Foundation Center, n.d.b; Council on Foundations, n.d.). Thus, the key factor of a family foundation that separates it from other nonprofits is family members’ involvement in establishing the foundation and its governing board. Throughout the foundation’s life, at least one family member must maintain a significant role in the governance of the organization (Boris, Vita, & Gaddy, 2015; Foundation Center, n.d.b).

Family foundations have existed in the U.S. for over 100 years. In 1913, John D. Rockefeller Senior established the Rockefeller Foundation to promote human wellbeing (Rockefeller Foundation Archives, 2015). During its early years, the foundation focused on public health. It supported the Bureau of Social Hygiene to conduct research and education regarding birth control, sexual hygiene, and maternal wellbeing (Rockefeller Foundation, 2015). The Rockefeller Foundation ranks within the top 50 private foundations for giving within the U.S. in 2014 (Foundation Center, n.d.a). David Rockefeller, Jr., a fourth-generation member of the Rockefeller family, currently serves as the president of the board of trustees.

In contrast, family foundations are at the early stage in modern China. Although no family foundations were recorded in the Chinese history, family philanthropy emerged in China long ago. In the year of 1050, Song Dynasty, Mr. Fan Zhongyan established the Fanshi clan Charitable Estate (“Fanshi Yizhuang”), a private, familial charity in his hometown. The Estate was initially funded by Mr. Fan Zhongyan and received donations from wealthy members of the Fan Family. With farmlands as property, the Estate’s revenue came from farm rental. The Estate’s mission was to provide relief to clan members who were in need and who live in that area. The provisions included various needs of daily-life: food, clothes, marriage expenses, funeral expenses, education and imperial exam expenses, and housing loans. The Estate had a system and rules of financial management. To avoid conflict of interest, no clan members were allowed to rent or sell farmlands to the Estate. The Estate’s manager was an elected male clan member, who had full autonomy to handle the Estate’s business. The manager’s compensation was determined by his work effectiveness, which was evaluated by other clan members. The Estate also moni-
tored beneficiaries in certain ways. Those who broke the rules would pay penalty or lose eligibility for further assistance. The Fan family’s descendants continued to amend the rules and expand the Estate. By the 1200s, the Estate’s farmlands reached over 3,000 acres. It was sustained because of its financial independency, rational decision-making, and democratic supervision. Its success not only benefited the Fan’s clan members, but effectively assisted the local government with poverty relief and social stability. Following Fan Zhongyan’s path, government officials of the Song Dynasty established similar charitable estates—some assisted family members, some provided relief to local residents (Liao & Li, 1991).

**Current Status of Family Foundation**

In the United States, studies of family foundations often lack methodological rigor. Most are based on a relatively small number of cases, which may focus on a particular geographic area or use convenience sample rather than random, representative sample (Boris, Vita, & Gaddy, 2015). To address these limitations, the Urban Institute conducted a nationally representative survey of family foundations in spring 2015. Using 2012 tax forms as sample frame, this survey adjusted weights for oversampled large family foundations and smaller family foundations with low response rates. This study provided generalizable implications for family foundations across the country and is considered the baseline for examining trends of U.S. family philanthropy (Boris, Vita, & Gaddy, 2015).

The key findings of this 2015 study involve: foundation identity, boards and governance, grantmaking strategy, family involvement, and future perspective. With respect to foundation identity, nearly 59% of U.S. family foundations were created between 1990 and 2009, followed by 16% created between 1970 and 1989, 14% before 1970, and 10% in 2010 and after. A majority of them are small- to medium-sized. About 70% have less than $10 million in assets, while only 3% of them have assets of over $200 million. In 2014, 65% of family foundations donated less than $500,000; 5% reported giving more than $5 million. Foundations’ assets increase with their age (Boris, Vita, & Gaddy, 2015). The main program areas to which family foundations support include: education (45%), poverty (40%), health (19%), children and youth (15%), religiously affiliated programs (14%), arts and culture (13%), and environment (11%). In addition, younger foundations focus their giving on certain program areas while older foundations focus on geographic-based giving (Boris, Vita, & Gaddy, 2015).

In terms of boards and governance, most family foundations’ boards are composed of family members. Non-family members make up fewer than 25% of board members in more than 70% of the foundations. The boards’ most common activity is grantmaking deliberations and decisions, followed by investment management, evaluation, and reflection on the foundations’ work. The most important factor that sustains family involvement in the foundation is the impact of giving (70%), followed by rewards for working together as a family (47%), stronger family relationships (43%), and opportunity to encourage younger generation (39%). Eight-five percent of family foundations do not compensate board members for their service beyond reimbursable expenses. As for day-to-day foundation operation, a majority of small family foundations depend on unpaid family members, while large foundations depend on paid non-family members. The majority of the foundations (85%) allow individual board members to recommend discretionary grants for foundation funds.

For grant making strategy, most family foundations (76%) reported that they are still influenced by their founding members’ values and wishes. Almost two-thirds (64%) stated that the family’s values and wishes have major influence. Approximately 25% are influenced by community or grantseekers’ needs. Very few (2%) reported that public spending priorities influenced their giving (Boris, Vita, & Gaddy, 2015). The majority (83%) also supports general operating grants and 68% provide multi-year grants. Nearly 40% adhere to the minimum 5% payout rate, 24% pay out up to 6%, and 15% of the foundations have a 10% payout rate and more for the past two years (2013-2015). In terms of accountability, more than half (57%) of the foundations ask grantees to report outcomes, among which 45% require a financial report. However, only 34% of the foundations ask grantees to set and measure program goals (Boris, Vita, & Gaddy, 2015).

With respect to family involvement, almost 90% of respondents agreed that most family members work well together. More than three-quarters agreed that family dynamics do not negatively affect the foundation’s work. Younger generations’ involvement is crucial to maintain a successful family foundation. There are several ways to assure that younger family members remain engaged in the progress of family foundations. The most common ones include: have younger family members sit on the board as voting members (66%), organize formal discussions about the foundation’s core values with younger family members (64%), take younger generation members to site visits (56%), and provide discretionary or matchmaking funds for younger generation members’ grantmaking (51%).
Finally, U.S. family foundations’ future perspectives vary. For example, about 20% of the foundations plan to increase their payout rate while 6% plan to decrease the rate. About 22% plan to expand giving priorities, whereas another 22% are narrowing giving priorities. About 43% anticipate an increase in the number of younger-generation family members on board, and 24% anticipate changes in board leadership. Half of the foundations also expect an increase in foundation assets (Boris, Vita, & Gaddy, 2015).

Information regarding the current status of family foundations in China is still in development. As previously noted, the majority of Chinese private foundations were created after the 2004 Foundation Regulations. It is not clear whether many of these first-generation donors will join the family foundation path, or simply remain as private foundations. Currently, little research has explored this issue. In 2014, China Foundation Center conducted a study and identified 35 family foundations in China. About 69% (n=24) were established by mainland Chinese entrepreneurs, and the rest were founded by overseas Chinese entrepreneurs. These entrepreneurs were based in the following industries: manufacturing (37%), estate (26%), service (11%), finance (9%), mining (9%), transportation (6%), and other. The majority of them were from Fujian (37%), Shanghai (14%), Guangdong (14%), and Zhejiang (9%) provinces. These foundations’ total assets were $1.6 billion RMB in 2013, among which the Lao Niu Foundation, the largest family foundation, accounted for $710 million (44%). Chinese family foundations’ total philanthropic spending were $320 million RMB in 2013, among which the Lao Niu Foundation represented 53% (169 million RMB). Chinese family foundations mostly allocate their resource in education (25%), public service (18%), environment (17%), poverty (9%), employment (7%), art and culture (6%), medical assistance (5%), capacity building of philanthropic organizations (5%), disaster relief (4%), and other areas (China Foundation Center, 2014). This study, however, did not include information about foundation identity, boards and governance, grantmaking strategy, family issues, or future perspective of the foundations (China Foundation Center, 2014).

Method

We conducted case studies to investigate family foundations in the U.S. and China. Four cases were selected based on country, year of establishment, and size of the foundation. Two cases were selected for each country: one older and with larger assets (Rockefeller Brothers Fund in the U.S. and Lao Niu Foundation in China); one recently established and with smaller assets (Nicholson Foundation in the U.S. and Lu Jiaxiang Foundation in China). Our study identifies significant cases and trends, instead of the average or typical examples. The method is advantageous, as selecting representative cases enable us to identify how specifically these family foundations contribute to social development. However, a shortcoming of this approach is that it cannot provide an overall representation of family foundations in the respective countries.

We applied the CIPP (Context, Input, Process, and Product) evaluation model that was developed by Stufflebeam (1983) to examine family foundations’ social impact. This model evaluates family foundations by examining their context and input, as well as the process and product of the philanthropic activities they generated. Context evaluation assesses background, assets, and mission within the foundations’ environment. Input evaluation assesses strategies, work plans, and budgets of the foundations’ approach. Process evaluations monitor, document, and assess foundations’ activities. Product evaluation assesses the foundation programs’ impact, effectiveness, sustainability, and transportability (Stufflebeam, 2007).

We first utilized archive research, such as annual reports and foundation websites, to collect information, and then conducted interviews with senior leadership in the foundations if needed. The interviews were conducted with the Executive Director of Nicholson Foundation in spring 2016 and the Secretary-Generals of Lao Niu Foundation and Lu Jiaxiang Foundation in late 2015.

Results

Rockefeller Brothers Fund

The Rockefeller Brothers Fund was established in 1940 as the primary philanthropic vehicle for the five third-generation Rockefeller brothers: John D. III, Nelson, Winthrop, Laurence, and David Rockefeller. Within the first 10 years, each brother contributed funds annually, which were distributed to a variety of charitable causes. Their father, John D. Rockefeller, Jr., had considerable effects on the growth of the fund. He made a substantial gift of $58 million in 1951 and left a large bequest from his estate in 1960. Together, these contributions constitute the original endowment of the Fund (Rockefeller Brothers Fund, 2015a).

Initially, the fund was established to provide a setting in which the brothers could share advice and research on charitable activities. Shortly after its establishment, the fund began to distribute funds to philanthropic agencies. They did not base their giving on a specific cause, and therefore set rules early on. These rules specified that funds would not be distributed to individual institutions, such as hospitals, schools, churches, or community centers. Within its first decade, the Fund
mainly contributed toward war relief and social welfare (Rockefeller Brothers Fund, 1951).

During the first decade, the Fund’s board of trustees solely consisted of family members. In 1952, the trustees began to allow non-family members to sit on the board. In 1999, the Rockefeller Brothers Fund merged with the Charles E. Culpeper Foundation, at which point the Fund’s total assets reached approximately $670 million. Although the Fund has merged with another foundation, several members of the Rockefeller family remain on the board (Rockefeller Brothers Fund, 2015a).

Over the time, the Rockefeller Brothers Fund has supported a variety of causes: democratic practice, sustainable development, peacebuilding, arts and culture, and the development of New York City, Southern China, and the Western Balkans (Rockefeller Brothers Fund, 2015b). The Fund believes that combining cause-based and location-based approaches are necessary to promote change on a grand scale (Campbell, 2013). In recent years, the Fund’s main priority has been fighting climate change. It has distributed 40% of its funds to nonprofit organizations working on climate solutions. The fund awarded 288 grants in the year 2014 alone, equaling $25.9 million, among which 72% were awarded to U.S.-based organizations. The rest were distributed to international organizations, including agencies in Egypt, China, and Western Balkans (Rockefeller Brothers Fund, 2015b).

The Rockefeller Brothers Fund only provides grants to tax-exempt organizations and charitable or education projects. It does not fund capital expenses (such as construction or renovation of buildings), phased-out programs, or individual support. The Fund’s mission and program statement articulate that it supports “efforts to expand knowledge, clarify values and critical choices, nurture creative expression, and shape public policy”.

The board of the Fund carefully selects grantees that follow these efforts. Additionally, potential grantees are assessed with respect to the following characteristics: long-term goals, commitment, synergy, initiative, engagement, collaboration, and convening (Rockefeller Brothers Fund, 2015b).

In regards to impact, the Rockefeller Brothers Fund defines impact as a “contribution to social change, including shifts in understanding, behavior, capacity, public engagement, and public policy” (Rockefeller Brothers Fund, n.d.). Each program and individual grant is closely monitored by staff and grantees. The Fund conducts program reviews and impact assessments, which examines the Fund’s process and product and provides crucial information for future grantmaking (Rockefeller Brothers Fund, n.d.).

According to the Rockefeller Brothers Fund 2014 annual report, projects supported by the foundation have great social impact. For instance, some grantees worked with New York City officials to develop a plan that greatly reduced the city’s greenhouse gas emissions. Another grantee, the Carbon Tracker Initiative, has made strides in reframing the discussion of climate change and received the Guardian Sustainable Business Award in 2014 (Rockefeller Brothers Fund, 2015b).

**The Nicholson Foundation**

The Nicholson Foundation was established in 2002 by Marion G. Nicholson, the eldest daughter of Rube’s co-founder Errett M. Grable, and her husband, William B. Nicholson, former vice chairman of the Union Carbide Corporation. Currently, the foundation is directed by a three-member board of trustees, including Jan Nicholson and Barbara Nicholson McFayden, daughters of Marion and William Nicholson, and Michael P. Vito, who is a partner of the law firm Lowenstein Sandler LLP.

The Nicholson Foundation practices geographic-based giving. It is committed to distributing grants to programs within the state of New Jersey, particularly in urban areas. To follow through with this commitment, the foundation works with local agencies to identify promising programs and strategies to address problems within the community. Additionally, the foundation has experienced staff, who seek to identify potential leaders, agencies, and innovative programs that fall in line with the foundation’s mission. This process is achieved by attending community and local government meetings. When funding programs, the final 25% of the grant is contingent upon achieving outcomes, which the foundation and grantee agencies agree upon prior to the implementation of the grant. Program evaluation is primarily based on performance objectives agreed upon in the grant writing process. The grantee keeps track of program outcome by reviewing documentation, reviewing client files, and arranging site visits. To ensure program’s long-term impact, the Nicholson Foundation requires a sustainability plan early in the grant writing process. The foundation’s staffs, who are experienced in program management, will work with grantees to identify sustainable strategies.

The Nicholson Foundation has assets of $66 million. It gifted $6 million in 2013 (Foundation Center, 2015), mostly for projects on healthcare and healthcare reform. The foundation has funded projects that work on following aspects of the healthcare system: service delivery reform, payment reform, and decision making. Additionally, the foundation supports early childhood programs. The average size of grants is $200,000, however, they can range upwards to $3,000,000. No-
tably, in 2014, the foundation awarded a generous grant ($1,973,200) to the Camden Coalition of Healthcare Providers for healthcare payment reform.

**Lu Jiaxiang Foundation**

Lu Jiaxiang was born in the 1920’s in rural Hunan Province. He attended only one year of school, held different positions in the county government during the 1940s to 1960s, worked as a member of the Communist Party Committee and Deputy Secretary of the Party branch, and retired in his 60s. Lu and his wife have nine biological children. The family experienced hardships during their first two decades of raising children, especially during the Great Leap Forward and the three years of Natural Calamity period in China. Despite their struggles, the couple tried their best to share food and clothing with neighbors. Inspired by their words and deeds, their children are also full of filial piety and kindness.

After the Reform and Opening Era, the economic condition of Lu’s family has greatly improved. His two sons have become private entrepreneurs. With support from their children, Lu and his wife have been able to develop assets. Since the 1990s, the couple has provided rural villages millions of yuan to construct over 30 country roads, bridges, and canals. These infrastructure constructions not only significantly improved the living conditions of the local villagers, but also enhanced these areas’ connection with the outside world. In 1996, under Lu’s proposal, his family invested several hundred thousand yuan to set up a poverty relief fund in their village. During holidays, Lu’s family used the fund to donate clothes and food to low-income families in their neighborhood. Year-round, they donate money to the elderly and disabled population within their village, as well as elderly residents of other villages. During the first several years of the fund’s establishment, Lu personally visited every family in need. When became physically unable to walk, he asked his youngest son, Lu Jianzhi, to make these visits on his behalf. This tradition continues today. Over the past two decades, Lu and his family have donated a total of approximately twenty-million yuan to benefit neighbors and villages.

In April 2014, health conditions lead to Lu’s passing at the age of 94. In October 2014, his children carried his vision and set up the Lu Jiaxiang Foundation, which is named after their father. Registered in Yiyang City, Hunan Province, Lu Jiaxiang Foundation aims to support the development of his hometown. The foundation was initiated by Lu’s legacy and his children’s investment in the total amount of two million yuan. Guided by the Spirit of Capital and the theory of Collective Sharing, Lu Jiaxiang Foundation is committed to carry forward Lu’s lifetime philanthropic spirit. Following the idea and professional approach of modern philanthropy, the Foundation is dedicated to help the most vulnerable population in society by actively carrying out various types of philanthropic activities that are related to poverty relief.

Currently, Lu Jiaxiang Foundation focuses on supporting orphans and rural healthcare in Yiyang area. The foundation not only supports statutory orphans (i.e. both parents passed away), but focuses more on supporting de facto orphans – children that are not defined as orphans by law but have lost one parent and whose other parent is out of contact, or remarried and unable to raise the child. Most of these children live with their grandparents or other relatives. They are usually away from their parents for a long time and lack emotional support. Although some families receive government’s subsistence allowance, these children’s basic needs and nutritional needs are hardly satisfied. Since its establishment, Lu Jiaxiang Foundation has supported hundreds of orphans living with difficulties, and is planning to gradually expand its program from Yiyang to other rural areas in Hunan Province.

In May 2015, Lu Jiaxiang Foundation collaborated with local elementary and middle schools and identified 120 orphans as eligible recipients of its support in Taqiang County, Yiyang City. These children, who were recommended by their schools and verified by the Student Financial Assistance Management Center at the County Education Bureau, come from 70 schools within 15 towns of the county. Each of them receives two-thousand yuan financial support per year. In November, Lu Jiaxiang Foundation donated another 2.4 million yuan to support 200 orphans’ living expenses during the course of their compulsory education in Anhua County, Yiyang City. Within the next five years, Lu Jiaxiang Foundation plans to raise 30 million yuan to support 5,000 orphans in or out of Hunan Province to complete their compulsory education. The foundation also carries out a series of humanistic activities, such as the outstanding student award and summer camp, aiming to improve children’s educational environments and broaden their perspectives. In accordance with Lu’s final wishes, the foundation also plans to raise another 30 million yuan in the next two years to support rural healthcare. This will include the establishment of rural hospitals that serve villagers, paying close attention to elderly individuals who have difficulties in accessing healthcare resources. Through this family foundation, Lu family hopes that Lu Jiaxiang’s philanthropic spirit and the great philanthropic tradition of his family can be conveyed from generation to generation.

**Lao Niu Foundation**
Established in 2004, Lao Niu Foundation is one of the largest family foundations in China today. Its founder, Niu Gensheng, was born in the year of 1958. Due to his biological parents’ financial distress, Niu was adopted by another family one month after his birth. As Niu described, “they sold me for 50 RMB to have a meal”. He lived with his adoptive family for 14 years. In 1978, Niu began his first job as a dairy farm worker at Yi Li Corporation, a dairy producer. With his efforts, he climbed the ranks and became the Vice President of Operation of the corporation. From 1987 to 1997, Niu helped Yi Li to become one of the best ice-cream brands in China. In 1999, a time in which the milk market was weak, Niu founded Meng Niu Dairy Corporation. At this time, Meng Niu had not developed a dairy farm or production facility. Despite said challenges, Niu created a milk empire within seven years, during which the average growth rate of Meng Niu was 158% annually, becoming one of the largest milk producers in China. China Central Television (CCTV) praised Niu as the top economic leader in the year of 2003, stating “Mr. Niu is a cow but has the speed of a rocket” (the pronunciation of Niu in Chinese is same as the cow). Since 2003, Meng Niu has remained one of the top milk producers in China.

In 2004, Niu founded Lao Niu Foundation, a private family foundation. Niu donated a majority of his family assets, including all of the Meng Niu stocks, to the foundation. The foundation focuses on two areas: environmental protection, and cultural education. In addition, it emphasizes capacity building of philanthropic organizations in China, by supporting training and exchange of nonprofit professionals and advocating for charitable laws and policies. In 2006, Niu resigned from his positions as the president and chairman of Meng Niu, and fully devoted his time to philanthropy. Under his influence, his wife and children remain actively involved in the operation of Lao Niu Foundation. Lao Niu Foundation continues to carry the Niu family’s values. By the end of 2015, the foundation had collaborated with 142 organizations and individuals from all over the world in philanthropic development, cultural education, environmental protection, disaster relief, and other charitable efforts. Lao Niu Foundation and its partnerships have set up over 171 programs across China, as well as abroad in North America, France, and Africa.

The total charitable contribution of the foundation is around 1 billion RMB, the largest allocation being environmental protection (36%), followed by cultural education (35%), disaster relief and others (19%), and capacity building of philanthropic organizations (10%). In the field of environment protection, Lao Niu Foundation has collaborated with China Green Carbon Foundation, the Nature Conservancy and the Inner Mongolia Bureau of Forestry, and has invested millions of dollars in projects rooted in ecological restoration and protection. Amongst these projects is the restoration of over 6,500 acres of land at He Lin Ge’er, also known as International Ecological Demonstration Park at Sheng Le, Inner Mongolia. Additionally, the foundation initiated the “China Wetland Conservation” in 11 provinces of East China. Similarly, “Lao Niu Bio-Diversity Preservation” is operated in Sichuan Province, and protects bio-diversity by maintaining wildlife preserves and the diversity of ecological system. A current project entitled “Building Ecological Community at the Region of Mt. Everest”, which takes place in Tibet, promotes conservation and enrichment of the local community.

The foundation has also established several programs geared toward enhancing cultural education, including: Lao Niu Children’s Exploration Museum; Sheng Le Experimental School at Inner Mongolia Normal University, which aims to provide creative educational and psychological counseling services to children; contributing funds to various institutions of higher education; and the development of 14 school buildings in impoverished regions and disaster areas.

In order to promote capacity building of philanthropic organizations, Lao Niu Foundation established Lao Niu Institute in 2014 and plans to train one thousand professionals to work in nonprofit organizations within five years. In 2015, Lao Niu Foundation co-founded Shenzhen International Philanthropy Institute. The foundation also supports domestic and international conferences, such as East-West Philanthropy Summit and China Philanthropic Forum, to promote the discussion and exchange in philanthropy. For disaster relief and medical assistance programs, the foundation currently operates the following programs: medical assistance to low-income cataract patients, medical assistance to low-income children with hearing impairments, and assembling prosthetic limbs for people with disabilities.

The foundation has received many accolades. It was ranked a top donor on the 2014 donation list of private foundations, as well as the 2015 transparency of Chinese foundations. It was awarded “National Pioneer Civic Organization” by China Ministry of Civil Affairs, and was named one of the Sino-Euro Top 10 Green Land Foundations. One of the foundation’s flagship projects, International Ecological Demonstration Park at Sheng Le, Inner Mongolia, also received the Most Influential Project Award from China Ministry of Civil Affairs.

Lao Niu Foundation is influenced by Niu’s philanthropic values. He be-
lies that a small amount of satisfaction can be achieved by creating everything from nothing; but a big amount of satisfaction can be achieved in rewarding society by distributing one’s personal wealth. Niu has several inspirational mottos: a small winning comes from wisdom while a large winning depends on good virtues; the more wealth you hold, the more responsibilities you are carrying; donors should feel grateful to beneficiaries; the level of your happiness is equivalent to the number of people who adore you; cultivate yourself first and then help others for the rest of your life.

Discussion

This paper examines the development and social impact of family foundations in the U.S. and China. Table 1 presents the CIPP model of four cases investigated in this paper. The key theme in relation to these foundations’ context is that these families have created family legacy by contributing to society. This is evidenced by naming foundations by family names, family members’ involvement in the governing boards, and inputting resources to philanthropic programs. There are also contextual differences. For example, both Chinese foundations were established by first-generation individuals who were born in impoverished families, while the two U.S. foundations were both established by the second or third generation of affluent families. This suggests that family foundations’ needs and challenges may vary by their social and policy contexts. The U.S. family foundations focus on sustaining family wealth and carrying forward family’s philanthropic missions; Chinese family foundations strive to acquire legitimacy, build leadership and governance structure, and achieve professionalization. As family foundations are in the early stage of development in China, the first-generation Chinese philanthropists also need to engage the next generation in foundations’ activities to extend their legacy.

With respect to input, the foundations input resources into society in different ways. The Nicholson Foundation and Lu Jiaxiang Foundation both practice geographic-based giving, while the Rockefeller Brothers Fund and Lao Niu Foundation distribute funds locally, nationally, and globally. Additionally, some of the foundations limit their support to specific program areas. For instance, the Nicholson Foundation focuses on healthcare and healthcare reform and the Lu Jiaxiang Foundation emphasizes orphans and healthcare. The difference is largely related to the foundations’ mission and fund size. Foundations with small or modest fund size are more likely to give based on geography and program area. These findings suggest that family foundations’ input depend on their mission, vision, and budget. With ambitious goals and far-reaching missions, it is important for family foundations to design feasible work plans and adopt strategies within their capacity.

Influenced by the different contexts and inputs, the family foundations adopt different process to achieve their missions. For instance, the Rockefeller Brothers Fund allows grantees to directly apply for grants while Nicholson Foundation actively seeks grantees. Both foundations in China mainly conduct their own programs or team up with other nonprofit organizations to directly implement programs. The comparisons suggest that family foundations need to improve different aspects of their process. For example, although the two U.S. foundations in our study require evaluation of programs funded by medium-sized or larger grants, the notion of program evaluation is under development in China.

Different input and process have led to different product. The programs that Nicholson Foundation supports tend to be of modest size, and health and human service oriented. Lu Jiaxiang Foundation provides targeted educational support to orphans in local areas. The Rockefeller Brothers Fund provides large-scale grants in the area of sustainable development. Lao Niu Foundation conducts large environmental and educational programs in China. Both U.S. foundations emphasize performance-based funding and measurable outcomes as evidence in the proposal guideline and final report requirement. In contrast, the Chinese foundations adopt hands-on approaches, implement their own programs, and provide less information on product effectiveness. Given the lack of information on family foundation in general, our results call for more representative, comprehensive data collection for further evaluating family foundations’ impact, effectiveness, sustainability, and transportability.

Conclusion

In the past decades, the growing family foundations have been playing a significant role in philanthropy. This trend reflects the growing individual wealth and the increasing awareness of contributing that wealth to the social good, while sustaining family legacy. Yet little research has discussed the development and social impact of family foundations. In this study, we overviewed the developmental history of family foundations in the U.S., where family foundations have developed for over 100 years, and China, where most family foundations emerged after 2004. We used the Context, Input, Process, and Product (CIPP) evaluation model to examine the roles of family foundations in the U.S. and Chinese society. Our case studies indicate that, although each of them was established in different context and had diverse input, process, and product that depend
on their mission and fund size, they all have generated substantial effects on social development.

Our findings provide policy implications for developing family foundations and maximizing their positive impacts in the U.S. and China. For the U.S., family foundations should focus on how to maximize their social impacts through dissemination of measureable outcomes and impact evaluation. The foundations have been emphasizing measureable outcomes and impact evaluation recently, yet little information is available to the public. Disseminating the effectiveness of the programs not only increases accountability of the foundations to all stockholders but also maximizes potential impacts by allowing others to learn from the experiences. For China and other countries where family foundations just emerged, it is important to establish laws and policies to assist and regulate this new form of philanthropic organizations. Family philanthropy is an effective tool to use private wealth for social impact, and it is a path that many first- or second-generation wealthy family members choose. This calls for government support, the public’s understanding, and the younger generations’ involvement in family philanthropy. In addition, Chinese foundations must pay close attention to measureable outcomes and impact evaluation, in order to empirically evaluate effectiveness of the programs. Despite these limitations, family foundations hold a great promise of utilizing private wealth for social development and creating family legacy.
Table 1. CIPP Model of Family Foundations

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<td>1. Established in 1940 by third-generation members of the Rockefeller family. 2. In 1952, the trust began to allow non-family members to sit on the board. 3. In 1999, the fund merged with the Charles E. Culpeper Foundation, bringing the organizations total assets to roughly $670 million.</td>
<td>1. Distributes funds locally and globally, to programs in following areas: democratic practice, sustainable development, peace building, arts &amp; culture. 2. The fund awarded 288 grants in 2014, equaling $25.9 million. Of this total, 72% of the grant dollars were awarded to organizations in the U.S.</td>
<td>1. Provides grants to support efforts to expand knowledge, clarify values and critical choices, nurture creative expression, and shape public policy. 2. Select grants with the following characteristics: Long-term goals, commitment, synergy, initiative, engagement, collaboration, and convening.</td>
<td>1. Each grant is closely monitored by staff and grantees, including program reviews and impact assessments. 2. Notably, in 2014, grantees worked with New York City officials to develop a plan to reduce the city’s greenhouse gas emissions.</td>
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| The Nicholson Foundation | 1. Established in 2002 by a second-generation of Grable family, and her husband, William B. Nicholson. 2. Directed by a three-family-member board of trustees. 3. 2013: assets, $66 million. | 1. Place-based giving, within New Jersey. 2. Focus on healthcare and early childhood programs. 3. Average size grant is $200,000, range upwards to $3,000,000. 3. 2013: gifted, $6 million. | 1. Does not accept unsolicited grant proposals. 2. Experienced staff attends meetings, in order to seek potential leaders, agencies, and innovative programs. | 1. Keeps track of a program’s outcomes by reviewing documentation, reviewing client files, and arranging site visits. 2. Final 25% of the grant is contingent upon achieving outcomes. |
| Lu Jiaxiang Foundation | 1. In 1996, the Lu family set up a fund in their village, to support families in needs.  
2. Following Lu’s death in 2014, his family set up the Foundation, hoping his philanthropic spirit can be conveyed from generation to generation. |
|---|---|
2. 2006: Niu resigned from his positions, and devoted his time to philanthropy.  
3. Niu’s wife and children remain actively involved in the Foundation. |
| | 1. Total expense is 1 billion RMB.  
2. Programs: environmental protection (36%), cultural education (35%), disaster relief (19%), and capacity building of nonprofit organizations (10%). |
| | 1. Does not limit it’s giving to specific geography.  
2. Teamed up with other organizations to provide programs. Over 171 programs have been set up, and it has developed partnerships across China and beyond. |
2. 2015: top transparency in Chinese foundations.  
3. Its flagship environmental project received the “Most Influential Project Award” in China. |
| | 1. Lu’s children donated 2 million yuan to establish the Foundation.  
2. Place-based giving, Lu’s hometown.  
3. In 2015, the foundation had distributed more than 2 million yuan, to support the living expenses of 320 orphans. |
| | 1. Collaborated with local schools to identify eligible recipients.  
2. Distributed the grants to recipients directly.  
| | 1. Plans to raise 30 million yuan to support 5,000 orphans in or out of Hunan Province in the next 5 years.  
2. Plans to raise another 30 million yuan in the next two years to support rural healthcare. |


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