Professional athlete philanthropy: Walking the talk?

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Introduction: Professional athletes are increasingly entering into the philanthropic domain. Specifically, many athlete philanthropy efforts have come in the form of creating charitable foundations. Much attention has recently been given to athlete foundations and individual athlete philanthropy in the media, however little academic research exists in this realm.

A number of factors may influence an athlete to form his/her own foundation, however, of particular importance is the quality of work being performed by these foundations. Ostrower (2007) examined foundation effectiveness and concluded that the effectiveness of this type of philanthropy depends on the context in which a foundation operates and the connection to its mission. Along those lines, Ostrower (2006) advocates for foundations to define their own approach to effectiveness by assessing the extent to which foundation activities reflect a proactive orientation by using the presence of measurable outcomes as an important grant-making criterion. In this research, we focus in particular on the activities of athlete foundations (i.e., grant making) and their connection to the mission of the foundation. We measure their effectiveness in two principal ways - by examining the mission statement of the foundation and evaluating whether the activities and funding efforts are in line with that mission. A specific, detailed mission statement forms the backbone of effective performance while a high percentage of donations being used for programs directly supporting the stated purpose is a sign of efficient performance (Raiborn, Green, Todorova, Trapani, and Watson, 2003). Put simply, a foundation will be more able to make an impact on its intended beneficiaries if its actions (i.e., donations) are in line with its mission.

Purpose: The objectives of this research were to examine the stated missions of athlete philanthropies, and the activities and funding focus of the foundations, with the objective of assessing the effectiveness of these efforts. To that end, we ask the following questions:

1) What (social) issues do the athlete foundations address?
2) How do these foundations approach their work? Are they specific in crafting their mission and vision?
3) To what extent are the grant making activities of athlete foundations aligned with the foundation mission?

Methods: Data was collected on professional athletes in four sport leagues (NBA, NHL, NFL, and MLB), identifying those athletes with foundations. Our approach included identifying all players for all teams in the above mentioned leagues for the 2005-06 season. We then narrowed our search by identifying players who purported to have foundations. The next step was to verify the existence of a player's foundation by checking whether the foundation filed 990 tax forms which are key indicators of a foundation's existence and confirmation of its activities. We examined all 990 tax forms to find the stated mission of each athlete foundation, and then assessed the focus of the charitable donations made by the foundation. When available we also compared the mission identified on the 990 with those stated elsewhere (i.e., the foundation's website, or annual reports if available). Finally, we noted whether each recipient's need matches the foundation's stated mission, and the amount going (not going) to causes related to the mission was recorded for each foundation.

Results: This research is currently ongoing, however, preliminary data on NBA athlete foundations may provide early insight into the management and effectiveness of athlete foundations. We found that of the 433 players in the NBA, 91 purported to have foundations, but only 43 filed 990 tax forms. In general, the 990 forms show that the missions of NBA athlete foundations tended to focus on issues affecting children and youth, in particular, education. Other common missions included health and medical causes. Of these 43 foundations, 39 (91%) were found to have explicit mission statements (either in 990 or elsewhere). We then examined those foundations with explicitly stated missions and classified them into the following three categories: multiple causes, broad / general, specific / clear focus. The results were broken down in the following manner: 6/39 athlete foundations had multiple causes that were not all directly related, for example: Tim Duncan's foundation mission to address "education, youth sports & recreation, health awareness, and research." Of those six, three gave no cash grants, one foundation had all donations aligned with some aspect of the mission, and two had some of their donations aligned with some aspect of the mission. In the broad/general category, there were 7/39 foundations. For example, Dirk Nowitzki's "education, health and well-being of children around the world." Of those seven, one gave no cash grants, five were aligned with the broad mission, and one failed to be aligned with the mission. Finally, in the clear mission category, there were 26/39 foundations. For instance, Larry Hughes' "organ and tissue donation." Of those 26, 10 gave no cash grants, 4 were aligned, 11 had some donations that were aligned and other donations not.
Data is currently being analyzed on athlete foundations in the three other professional leagues and further analysis on the NBA is underway.

Discussion: While there is currently great interest in exploring how foundations can be more effective, many foundations operate with only the most general and ambiguous concepts of effectiveness, and in some cases, with none at all (Ostrower, 2004). This research provides a preliminary insight into professional athlete foundation effectiveness as the activities of the foundation need to be aligned with the mission for the greatest impact on beneficiaries.

Given recent findings of another study that only 38% of NBA players' foundations met the minimum criteria for quality philanthropy (i.e., program - spending ratios less than 0.75) (Tainsky & Babiak, 2007), we posit that similarly few will comply with other standards of quality philanthropy. We further hypothesize that foundations performing better with respect to other aspects of philanthropy (i.e. proportion of dollars going to program expenses rather than administration) will perform better in terms of awarding recipients that match the foundation’s cause. Professional athletes may start foundations for reasons which are different from other individually driven private foundations. From this, one could speculate that the intentions of athletes who start foundations may be driven by various, less noble, factors including public relations / branding / marketing objectives, financial objectives (i.e., tax shelters, distribution of money to family members etc.), in addition to socially responsible objectives (i.e., making an impact on an underserved population / group).

The findings from this research have implications for independent foundations. Measures of effectiveness beyond program - spending ratios (a traditional measure of foundation effectiveness) need to be considered to provide a more encompassing view on the value of a foundation's activities. We discuss these issues and provide recommendations for practitioners and for future research.