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## Funding the Gulf of Maine Program

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# The Muskie School Of Public Service

Graduate Program in Public Policy  
and Management

This Capstone Project, entitled

***Funding the Gulf of Maine Program***

Craig Freshley

is approved and accepted as  
part of the requirements for the

**MASTER OF ARTS IN PUBLIC POLICY  
AND MANAGEMENT DEGREE**

On the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

Approved by: \_\_\_\_\_

*Capstone Advisor*

# Funding the Gulf of Maine Program

By: Craig Freshley

Advisor: C. Colgan

January 1991

# Funding the Gulf of Maine Program

An exploration of non-government funding options, tax implications regarding charitable giving, and a review of exemplary efforts of coordinated water body protection.

Prepared for the Finance Network of the  
Gulf of Maine Council on the Marine Environment  
January 1991

by Craig Freshley  
Master's degree candidate  
the Edmund S. Muskie Institute of Public Affairs  
University of Southern Maine, Portland, Maine





## **The Author and Acknowledgements**

The Gulf of Maine Council's Operating Guidelines provide that for the first five years, each state and province shall in turn serve as the host jurisdiction and assume responsibility as the Council's Secretariat. The first year, the State of Maine is acting as the Council's Secretariat, particularly the Maine State Planning Office.

The Maine State Planning Office has contracted with Craig Freshley for the specific purpose of preparing this report. Craig is a student at The Edmund S. Muskie Institute of Public Affairs, of the University of Southern Maine, pursuing a Masters Degree in Public Policy and Management. This report serves as his 'capstone project' and also serves to fulfill the program's requirements for a student internship.

Those who contributed, advised and guided the project are many. In particular, the efforts of the following people are greatly appreciated: Dave Keeley, Melissa Waterman, Dennis Gale, Bruce Campbell, Flis Schauffler, Faye Woodman, and Nina McLawhorn.

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## **Chapter 1**

### **Introduction**

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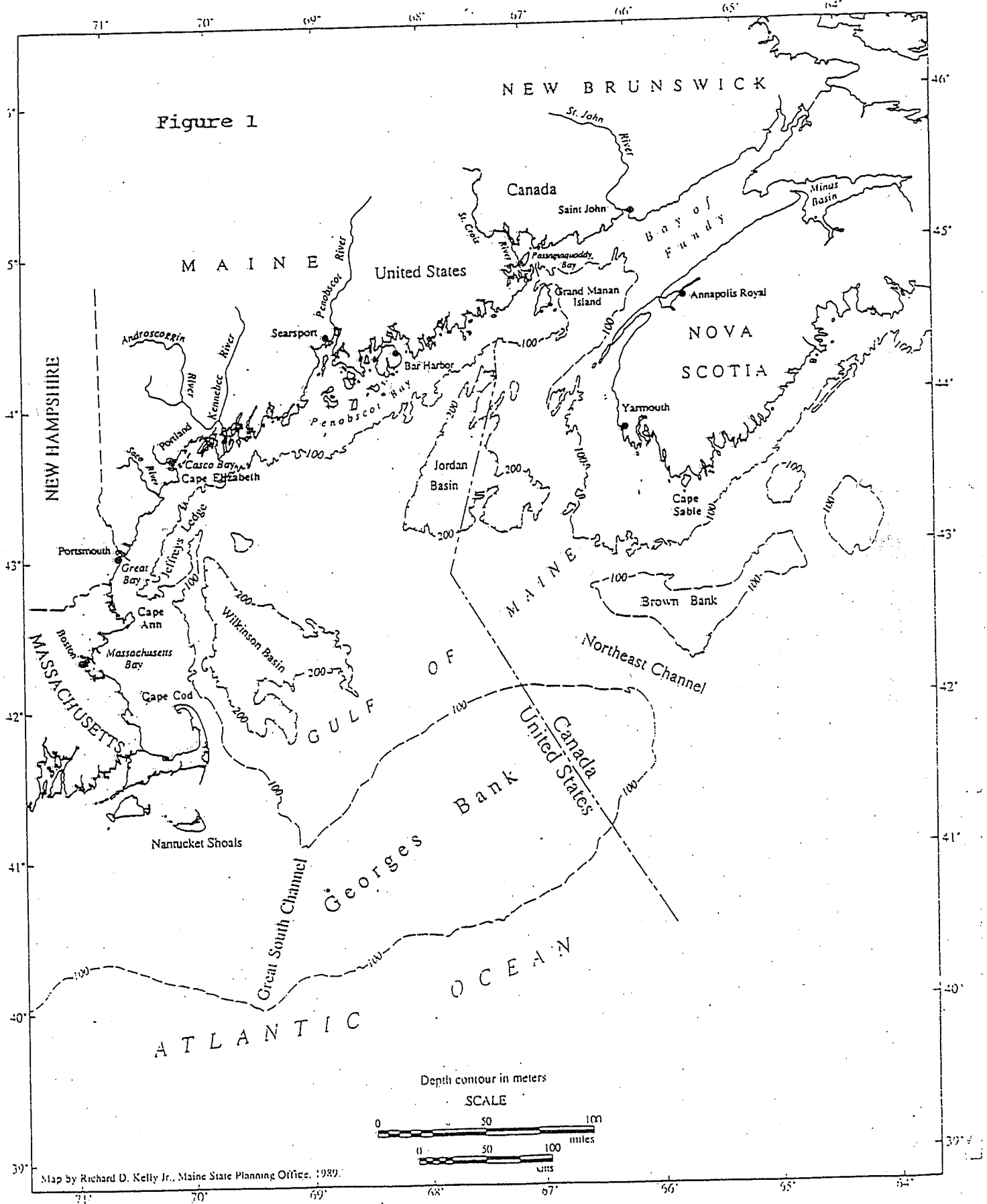
## Overview

This report identifies and analyzes non-governmental funding options for the Gulf of Maine Program (see Figure 1 on the following page for a map of the Gulf of Maine). It was prepared by the Secretariat of the Gulf of Maine Council on the Marine Environment to aid the Council's Finance Network.

The Finance Network is composed of individuals from throughout the Gulf region that have expertise in the many different aspects of soliciting and using non-governmental sources of funding to manage and protect the marine environment. The mandate of the Network is to develop for the Council on the Marine Environment a strategy for soliciting, managing and distributing funds from non-government sources to be used for the implementation of the Gulf of Maine 10-year Action Plan. The Action Plan maps out cooperative activities designed to sustain the Gulf's many resources. The Network's proposed strategy will complement the Council's efforts to obtain government sources of funding.

This report examines many aspects of foundation, corporate and individual giving, as well as some of the tax laws which regulate charitable giving in both Canada and the U.S. A large part of the report is dedicated to a review of other exemplary efforts at coordinated water body protection.

Figure 1



## **The Gulf of Maine Program**

The 'blue print' for the Gulf of Maine Program is the Gulf of Maine Action Plan which is slated for adoption in June, 1991.<sup>1</sup> The draft Action Plan mission statement is as follows: "To maintain and enhance marine environmental quality in the Gulf of Maine and to allow for sustainable resource use by existing and future generations."<sup>2</sup> Within the Plan, broad goals are classified as they relate to the five following topics:

- Coastal and Marine Pollution;
- Monitoring and Research;
- Wildlife, Fisheries and Habitat Protection;
- Public Health Protection; and,
- Public Education and Participation.

The Action Plan is to be adopted and implemented by the Gulf of Maine Council on the Marine Environment. The Council was created in December, 1989 by the Agreement on the Conservation of the Marine Environment of the Gulf of Maine. Signatories to the Agreement include the Governors of Massachusetts, New Hampshire, and Maine; and the Premiers of New Brunswick and Nova Scotia. The purpose of the Council is to "sustain and improve the Gulf's ecosystem through cooperative efforts."<sup>3</sup> The four goals of the Council are as follows:<sup>4</sup>

- Coordinate conservation of the Gulf's ecosystem;
- Promote sustainable development;
- Promote public awareness of the ecosystem; and,
- Foster marine research.

The Council is made up of ten members, two from each state

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1       The proposed Gulf of Maine Action Plan can be found in file: Green A-20.

2       Ibid.

3       Gulf of Maine Council on the Marine Environment - Operating Guidelines See file: Green A-10.

4       Ibid.

and province. The members are all cabinet level appointees within the state and provincial governments.<sup>5</sup>

A Working Group, which is composed of state, provincial, and federal representatives, assists the Council in implementing the Action Plan.<sup>6</sup> It is this group of people which actually performs much of the Council's work. At a meeting in November, 1990, the Council approved the establishment of the Finance Network, for whom this report is written.<sup>7</sup> Figure 2, on the following page, is a representation of the relationships among the Council on the Marine Environment, the Working Group and the Finance Network.

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5 For the list of members of the Council, see The Gulf of Maine Action Plan, page 2. File: Green A-20.

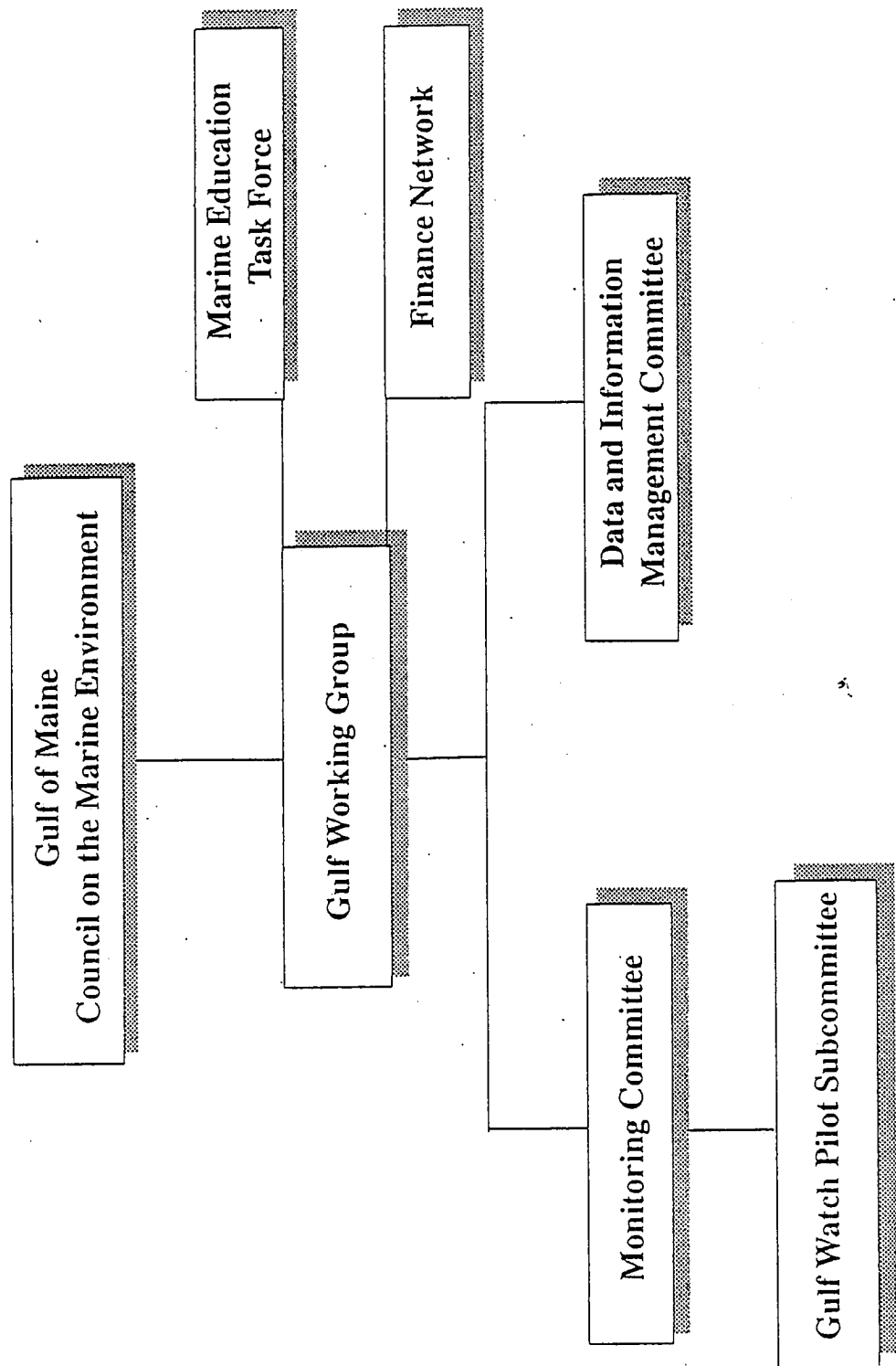
6 For the list of members of the Working Group, see The Gulf of Maine Action Plan, Page 2. File: Green A-20.

7 For more information on the Finance Network, including a list of members, see file: Green A-30.



**Gulf of Maine Program  
Organizational Chart**

**Figure 2**



## Organization of this Report

As shown in the Table of Contents, the substance of the research effort is found in the three chapters; Sources of Non-Government Support, Tax Implications With Regard to Charitable Giving, and Exemplary Efforts of Coordinated Water body Protection. The Introduction section of each of these three chapters gives a brief overview of the chapter. At the end of each of these chapters, there is a section entitled Chapter Recommendations. Here are found fairly specific recommendations pertaining to the subject matter of each particular chapter. The Recommendations chapter at the end of the report lists the most important recommendations. The Executive Summary following this introduction serves as a brief overview of the entire report.

Appendix A is a listing of those charitable foundations thought to be most appropriate for solicitation by the Gulf of Maine Program. The five 'excellent prospects' are briefly described.

Appendix B is a directory of all files that support this report. The files contain copies of virtually all the materials used in the research process.<sup>8</sup> References are made throughout the report to particular files. Each file has been assigned a color and a number and the contents of each file are summarized in the Directory. The files are currently located at the Maine State Planning Office in Augusta, Maine.

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<sup>8</sup> There are two categories of files for which there is no coresponding chapter in this report: Public Sources of Funding and Writings on International Cooperation. Neither of these two subjects are strictly within the scope of mandate of this report but none-the-less such materials are carefully filed and they are all fully summarized in the Directory of Files.

## **Chapter 2**

### **Executive Summary**

The Gulf of Maine Council on the Marine Environment was established in 1989 by the Agreement on the Conservation of the Marine Environment of the Gulf of Maine, signed by the Premiers of Nova Scotia and New Brunswick and the Governors of New Hampshire, Massachusetts and Maine. The purpose of the Council is to "sustain and improve the Gulf's ecosystem through cooperative efforts." To that end, the Council is expected to adopt the Gulf of Maine Action Plan in June, 1991.

The recently created Gulf of Maine Finance Network is to make recommendations to the Council as to how funds from private sources might be solicited, managed and distributed to implement portions of the Gulf of Maine 10-year Action Plan. This report was prepared by the Council Secretariat as a point of departure for the many recommendations which must be made by the Finance Network.

Research for this report was done on basically three fronts: (1), non-government sources of support; (2), U.S. and Canadian tax implications with regard to charitable giving; and (3), other exemplary efforts of coordinated water body protection were examined for their use as examples for the Gulf of Maine Program. There is a chapter dedicated to each one of these in the report.

With regard to sources of non-government support, Chapter 3, the report examines foundation giving, corporate giving and individual giving. The report cautions that in order to successfully approach foundations, the Gulf of Maine Program must be able to demonstrate credibility and respectability. In the absence of a long history of successes, it is suggested that this might be accomplished if the states and provinces demonstrate their support for the Program with sizeable financial commitments. It may also be accomplished by establishing a respectable membership of affiliate organizations. The report emphasizes the importance of the Board of Directors in any fundraising entity and makes the point that the personal characteristics of Board Members are particularly important to successfully soliciting foundations.

Corporate donations, the report emphasizes, may be solicited most effectively through direct contact with top level managers of corporations in the Gulf region. The report suggests ways of developing corporate contacts, though initially, existing contacts should be utilized. The report emphasizes the extent to which 'in kind' donations might be solicited from corporations.

Individual giving, the report finds, may be lucrative in the long run but is costly, in terms of both time and money. To get a

dollar's worth of contributions for every fifty cents spent is not uncommon. As such, it is recommended that a membership of affiliates be initially established for the purpose of developing region-wide respectability and a membership for fundraising purposes be established at a later date.

Chapter 4 of the report examines the tax laws of both Canada and the United States with regard to charitable giving; and it finds that the operation of a single entity for fundraising purposes is impractical because each country places many restrictions on charitable giving to foreign charities. Consequently, the report recommends that two parallel entities be operational; one in each country.

The report examines the various types of non-profit organizations allowable in each country and concludes that for the purposes of the Gulf of Maine Program; a Canadian entity should be organized as a Charitable Organization and an American entity should be organized under Section 501(c)(3) of the Internal Revenue Code.

In Chapter 5, the report examines efforts of water body protection in the Great Lakes, Chesapeake Bay, the St. Croix River, Puget Sound, and the Gulf of Mexico. Of these, the Great Lakes and Chesapeake Bay are given the most comprehensive examination. The report looks closely at interstate agreements in all these regions. Organizations designed to coordinate these efforts are examined with particular regard for how the organizations are structured and funded. Recommendations made at the end of Chapter 5 single out those characteristics of the other efforts which should be carefully considered for the Gulf of Maine Program. Of particular note is the Great Lakes Protection Fund, the 1987 Chesapeake Bay Agreement and the Puget Sound Foundation.

Finally, the report makes recommendations to the Finance Network. Of particular note, the report recommends that two new entities should be established for the purposes of soliciting and distributing both public and private funds. Also, it is recommended that an interstate, interprovincial agreement be signed within the next two years which would establish such entities and which would also essentially elevate the Gulf of Maine Action Plan to Agreement status. It is also recommended that the Council develop a long-range financial plan whereby revenues and expenditures are projected for each of the next five years and all activities are matched to appropriate sources of funding.

The report has two appendices. Appendix A contains lists and profiles of those American foundations which it is thought would be interested in contributing to the Gulf of Maine Program. Appendix B contains a directory of files compiled by the author to be used by the Finance Network. Particular files are often referred to in the report.

## Chapter 3

### Sources of Non-Government Support

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## Introduction

The Gulf of Maine Program will be supported with funds from both the public AND private sources. Indeed, it is doubtful that private contributors will be at all enticed if public sources (most notably the states and provinces) have not contributed in some substantial way thus demonstrating widespread public support for the project. However, this chapter focuses on possible funding options originating from the private sector only.<sup>9</sup>

For the most part, private giving in the U.S. is done by four different types of donors. Individual giving accounts for 83% of the total amount given; giving in the form of bequests accounts for 6.5%; foundation giving accounts for 5.9% and corporate giving, 4.6%.<sup>10</sup> The total amount of private charitable giving in 1988 in the United States was well over \$103 billion.<sup>11</sup>

This chapter devotes a section to each of the following; foundation giving, corporate giving and individual giving. At the end there is a section entitled Chapter Recommendations.

Foundation giving is provided the most comprehensive treatment because it is presumed that foundation grants might be more easily and readily available than the other private avenues. Furthermore, foundation giving is not nearly so affected by fluctuations in the national economy, as is corporate giving, an important consideration in these times. Foundation giving,

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9 In the course of the research there have been obtained many writings which may well be useful to a discussion on PUBLIC sources of funding for the Program. Such papers, suggestions and the like which are concerned with public sources of funding have not been ignored just because they are outside the realm of the immediate inquiry. All such writings are summarized in the Directory of Files and are color coded purple. See Appendix B - Directory of Files.

10 From the American Association of Fund-Raising Council, 1988.

11 Ibid.

however, should not be regarded as 'there for the taking;' indeed, half of the section on foundations is devoted to examining the optimum posture that a Gulf of Maine entity might take to maximize chances of receiving foundation grants. The other half of the section on foundations actually contains a list of foundations which are appropriate to support activities important to the Gulf of Maine Program. The list is designed merely to provide a point of departure for those later charged with having to pursue foundation grants.<sup>12</sup>

The section on corporate giving contains no list of potentially interested corporations but instead suggests a strategy for attracting corporate donations altogether different from other grant seeking processes. In this age of increased environmental awareness, corporations are becoming increasingly supportive of environmental causes, particularly those directly related to the nature of their businesses or in geographic proximity to their operations. 'Who you know' is a big factor in the world of corporate giving and this section examines the importance of that concept and the potential for making use of it.

The section on individual giving focuses primarily the notion of developing a membership for the Gulf of Maine Program designed to raise revenues through membership dues and capital campaigns. In turn, members and contributors would receive beneficial services or appropriate recognition. Apart from raising revenues, a membership is also beneficial in that it helps to demonstrate broad based support for the organization.

There is much discussion in this chapter about various favorable characteristics of entities designed to solicit private funds. Granted, it has not yet been decided that a new entity will in fact be created for the fundraising purposes of the Gulf of Maine Program. However, the observations made in this chapter may be applied either to existing entities given new responsibilities, or a new entity, whichever the case may be.

Lastly, discussion here is concerned overwhelmingly with charitable giving in the U.S., as opposed to Canada. This is because (1), charitable giving is not nearly so prevalent in Canada; and (2), limited resources were available with regard to Canadian charitable giving.<sup>13</sup>

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<sup>12</sup> There is a more elaborate discussion of particularly appropriate foundations in Appendix A - Most Promising Foundations. In the Appendix, the top five most promising foundations are profiled.

<sup>13</sup> The Canadian Directory To Foundations was recently



obtained; too late to incorporate any of its information into this report. However, the Directory can be found in file Yellow B-40. Also, there are two other files which may be of assistance. Yellow A-610 is entitled Private giving in Canada and contains conversation notes with Murray Coolican, a Canadian individual who has had some experience with Canadian foundations. Green C-150 is entitled Peter Underwood, another individual with some experience with Canadian charitable giving.

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## Foundation Grants

### Introduction

Foundation giving is probably more extensive in the United States than in any other country in the world. In 1987, 26,000 American charitable foundations gave out \$6.8 billion to every type of cause imaginable.<sup>14</sup> In 1989, almost \$200 million was given to causes concerned with environmental protection and welfare; and over \$400 million was given to foreign and international programs.<sup>15</sup>

Foundations are administered by Boards of Directors who oversee grantmaking in accordance with specific guidelines and wishes, generally established by the major donors. They range from the very small to the very large.<sup>16</sup> There is an abundance of sources which one might consult to find which foundations might be appropriate for a particular cause.<sup>17</sup> An organization called The Foundation Center is itself supported by foundations and publishes annually The Foundation Directory. The Directory gives brief descriptions of all foundations which, in the previous year, had in excess of one

14 The Foundation Directory, 1991. Compiled by The Foundation Center. Edited by Stan Olson and Margaret Mary Feckzo. This directory is available at the U.S.M. Library of the Office of Sponsored Research.

15 Grants For Environmental Protection and Animal Welfare and Grants For Foreign and International Programs. Both published by The Foundation Center, 1990.

16 For instance, the Bride Charitable Foundation of Portland, Maine last year awarded \$5,650 in grants to 13 projects. The Rockefeller Foundation of New York City last year awarded over \$59 million to 613 projects.

17 An excellent list of sources can be found in file: Yellow A-10, page 160 and 161. This is photocopied from The Nonprofit Organization Handbook by Patricia and Daniel Gaby.

18 \_\_\_\_\_ File Yellow A-35 contains some lists of many other sources.  
 19 The following files all contain such information: Yellow E-10, Yellow E-30, Yellow A-20 and Yellow A-35.

1. Foundations look very closely at the organization's Board giving.<sup>19</sup> Almost all advice includes the following fundamentals: as to how they should posture themselves to maximize foundation There is much literature which offers advice to organizations Fundamental. give will not be mis-managed in any way. A professional image is primarily for credibility. They need to know that the money they must keep this in mind. Donors, foundations in particular, look decision with respect to how a nonprofit is structured and staffed how the organization is perceived by the potential donors. Each individuals, corporations or foundations, what really matters is In the world of soliciting private donations from

Characteristics of a Top Notch Organization

be approached to contribute.  
 aligned with the Gulf of Maine Program's objectives and thus might section lists some foundations whose objectives are closely makes an organization attractive to foundations? The second into 2 sections. The first section addresses the question, what consequently, this section on Foundation Grants is divided (2), clearly support the goals of the foundation being solicited and can thus demonstrate that the money given will go far; and organization which appears to be very credible and reputable requests which get funded are those which (1), come from an with grant requests, most of which are worthy causes. The grant important to getting foundation grants. Foundations are bombarded The way in which a nonprofit organization is postured is very past year: which foundation awarded it - who received it.<sup>18</sup> referenced every grant given in this particular field over the to the index on Environmental and Animal Welfare Grants and find publishes 23 indices by subject area. For instance, one might look types of support, limitations, etc. The Foundation Center also information is noted: financial data, purposes and activities, \$500,000. For each of the foundations listed, considerable basic million dollars in assets or gave at least one grant in excess of

The notion of developing a membership of individuals is discussed in the section later on in this chapter. Individual giving. The primary motivation for such a membership would be fundraising, although a large membership would certainly provide excellent visibility for the program as well. But there exists also the notion of developing a membership of 'affiliates,' organizations throughout the Gulf of Maine region that would benefit from being affiliated with the Gulf of Maine Program. The primary motivation for this type of membership is to demonstrate that the Gulf of Maine Program has a broad base of support. Particularly, if government funds are not forthcoming to the Program, a network of affiliates may be the best way of establishing credibility, even if the affiliates themselves don't contribute much money.

All three of the above stated fundamentals are terribly important, but none more so than the composition of the Board of Directors. For not only does the Board's image weigh heavily in donors' considerations, the Board is ultimately responsible for ALL aspects of the organization. For instance, it is the Board which should make decisions as to which donors should be solicited and it is the Board which hires the organization's Director and possibly some of the other staff. Consequently, this discussion is divided into 2 sections: (1), composition of the Board; and (2), other considerations.

3. The organization must be credible and respectable; no chance that it will dissolve in the near future. This can be demonstrated most easily if the organization has a long history of successes. In our case, it may be demonstrated by a commitment of long-range financial support from the states and provinces involved. Also, it may be demonstrated if the Gulf of Maine Program has a large membership of either individuals or organizations.<sup>20</sup>
2. The organization must have clearly defined goals and a plan of action. The donor wants to see EXACTLY how the money will be spent.
- of Directors; the money they give is essentially in the hands of those people. Board members need to be distinguished, responsible and personally dedicated to the organization they serve.

Composition of the Board  
 In many charitable organizations, the Board of Directors' primary responsibility is fundraising.<sup>21</sup> Secondary responsibilities are those associated with working towards the organization's goals, but fundamental to achievement of those goals is funding.

Solicitation of funding is very closely linked with setting policy for the organization.<sup>22</sup> It goes both ways. Policy decisions made in the past may specifically dictate what kind of funding is needed and therefore, pursued. Also, a particular funding source may be very specific about the use of their money and they may subsequently want to influence the organization's policies. Only the Board of Directors can decide if a particular program should be altered for the purpose of receiving a particular donation.

A Board of Directors, as a whole, should have many characteristics; prestige, diversity, etc. Individual Board Members should differ in their own characteristics to a considerable degree. But a fundamental characteristic, one which EACH Board Member should have, is dedication to the organization. Furthermore, the dedication should be easily evidenced by large financial contributions to the organization and/or an exceptional commitment of personal time and energy. Again, a Board which is truly dedicated gives the appearance of long-term stability, worthiness of the cause, etc. Furthermore, the organization will suffer substantially if the staff perceives the Board as being in any way disinterested. Board Members, for instance, should meet personally with prospective donors and they should also interact to some degree with the organization's staff, to keep abreast of the 'street level' operation.<sup>23</sup>

21 This is not to say that fundraising is always the thrust of each Board Member. But generally, fundraising is a job that Board Members can do infinitely better than anyone else involved with the organization. Consequently, if a Board Member is not at all interested in fundraising, he or she should have exceptional expertise in another area and the rest of the Board must be willing to accommodate.

22 Barry Mastriane, How To Develop an Effective Fundraising Strategy. Pages 3 and 5. See File: Yellow E-10.

23 For many other tips, see Fundraising Class Notes, File: A-

30.

- 24 How To Develop a Board of Directors, published by The Foundation Center. This is a good flyer. It offers a checklist for each of the following: composition, qualifications, recruitment, selection process and orientation. See File: Yellow E-10.
- 25 See File: Yellow E-20 - Board Composition Analysis.
- 26 Notes from a conversation with Rand Erp on this topic can be found in File: Yellow E-20: The Role of the Board - Conversations.

As a whole, the Board should be composed of a good cross section of individuals. The Foundation Center advises that a Board should include Professionals (perhaps: a lawyer, an accountant, a teacher, clergy, whatever), Experts in the field (for the Gulf of Maine Program - perhaps a marine scientist or water quality specialist), Benefactors of the organization (for the Gulf of Maine Program perhaps a representative of the fishing industry), and Residents or Workers from the community.<sup>24</sup> A Board of Directors for a Gulf of Maine fundraising entity should also include a representative from an environmental organization and also someone who is very experienced with soliciting foundation grants and who is well connected in circles of charitable giving. Mort Mather, President of The Landholm Trust in Wells, Maine (a land trust) uses a matrix system for ensuring that he has a well rounded Board of Directors.<sup>25</sup> On one axis of the chart is listed all those characteristics which the Board should possess. For example, in the Access to Resources category, the matrix lists: business community, people with expertise, foundations, community groups, people with money. On the other axis the matrix lists Board Members. They are then checked off when they possess the corresponding characteristic. For example, Jane Payson (fictional name and scenario) gets a check in the business community slot because she works in the charitable giving division of a large corporation. Employing this matrix technique, it's easy to see the diversity of the Board, and the shortfalls. Soliciting new Board Members is always done with an eye towards filling in the gaps. The Finance Network might consider worthy characteristics and prepare such a matrix to that end. Rand Erp, Director of Development at Maine Maritime Academy, Castine, Maine, suggests that the Board Members involved with fundraising for the Gulf of Maine Program should be significant business people from all five jurisdictions.<sup>26</sup> Presumably they

28 For example, the C.E.O. of a large corporation may be able to solicit with one phone call an amount of money that would take a staff member weeks to raise.

27 About 12 days per year.

Other Considerations  
A good Board of Directors is not the only element of successful fundraising effort. Many other considerations are at play, including overall structure of the organization, ability of the staff, extent to which there is unified staff support of the goals and objectives, etc. One important characteristic is the

appealing.  
program as described on a piece of paper, which is not nearly so visible and personable, the foundation is being asked to give to a foundations are looking to give to. Without Board Members who are giving to programs. Board Members are those 'people' that fundraising process. People like to give to people, as opposed to Board Member are personal dedication and involvement in the should be stressed that the most valuable characteristics of a In summary, with regard to composition of the Board, it Committee of the Board might meet more often, as required. perhaps five to ten members could comprise a Fundraising Gulf of Maine Program, perhaps twenty members. He suggests that grant supported entity) at Maine Medical Center in Portland, Bruce Campbell, Director of the Poison Control Center (a Mr. Erb thinks it appropriate that Board Members be asked to meet three times per year and that such a schedule will accomplish enough if the Board Members are well prepared for the meetings and it is a quality agenda. He figures that Board Members could be expected to spend about four days working for the organization between meetings.<sup>27</sup> Again, if there are really influential leaders on the Board, they need not spend an enormous amount of time to be effective.<sup>28</sup>  
will have worthy characteristics other than just being 'business people' but they are sure to be connected and have exceptional staff support. Furthermore, businesses around the Gulf of Maine are one of the most readily identifiable benefactors of the program and therefore, business leaders can presumably be found who have a sincere interest in the project.  
Mr. Erb thinks it appropriate that Board Members be asked to meet three times per year and that such a schedule will accomplish enough if the Board Members are well prepared for the meetings and it is a quality agenda. He figures that Board Members could be expected to spend about four days working for the organization between meetings.<sup>27</sup> Again, if there are really influential leaders on the Board, they need not spend an enormous amount of time to be effective.<sup>28</sup>  
Bruce Campbell, Director of the Poison Control Center (a grant supported entity) at Maine Medical Center in Portland, Maine, suggests that a large Board might be appropriate for the Gulf of Maine Program, perhaps twenty members. He suggests that perhaps five to ten members could comprise a Fundraising Committee of the Board might meet more often, as required. In summary, with regard to composition of the Board, it should be stressed that the most valuable characteristics of a Board Member are personal dedication and involvement in the fundraising process. People like to give to people, as opposed to giving to programs. Board Members are those 'people' that foundations are looking to give to. Without Board Members who are visible and personable, the foundation is being asked to give to a program as described on a piece of paper, which is not nearly so appealing.

organization's general attitude towards donors. Barry Mastriane, in How To Develop an Effective Funding Strategy, argues that the organization must approach the solicitation of donations much like a corporation approaches sales.<sup>29</sup> He draws the following comparisons:

1. Each must have a definable or comprehensible service or product
2. The value of the service or product must be easily discernable
3. The service or product must be provided by a respectable organization
4. There must be consumers with an identifiable need for the service or product
5. The cost-benefit relationship of using the service or product must be demonstrable

Further, he contends, "In business, marketing ventures will usually fail unless most, if not all, of the above conditions are present. Similarly, most fund-raising ventures will fail if these conditions do not exist. All of these items must be considered well in advance of the actual marketing or fund-raising activity."<sup>30</sup> These assertions lend support to the notion that foundations, when looking for prospective recipients, are actually looking to serve their own self interests. Indeed, the fund-raisers need to ask often "What is the donor getting out of this?" The answer turns on the mission statement and on the goals and objectives of the organization. The donating foundation, one can be sure, has already developed a clear idea of the type of efforts it wants to fund. The foundation derives satisfaction from pursuing its own goals. If the organization can clearly demonstrate that its goals are closely aligned with the foundation's goals, then indeed, the foundation is getting

29 Published by the Grantmanship Center. See File: Yellow E-10.

30 Barry Mastriane, How To Develop an Effective Funding Strategy. Published by the Grantmanship Center. See File: Yellow E-10.



- 31 -----  
 Get Ready - Get Set: A Guide to Launching a Nonprofit Organization. Published by The Southern California Center for Nonprofit Management. See File: Yellow E-30.  
 32 See The Gulf of Maine Action Plan, File: Green A-20.  
 33 Barry Mastriani, in How to Effectively Plan Programs, lists the following fundamental characteristics of objectives:  
 1. Must be stated in quantifiable terms capable of being measured  
 2. Must be expressed in terms of output as opposed to input  
 3. Should clearly identify the client group to be served  
 4. Should be sufficiently broad in scope to encompass a variety of organizational activities.  
 5. Should be realistic - capable of being accomplished  
 This piece published by the Grantsmanship Center. See File: Yellow E-10.

1. The credibility and respectability of the Board of Directors  
 2. The extent to which the states and provinces support the effort
- include:  
 factors in establishing respectability (next to track record)  
 fledgling organization (with a limited track record). Important  
 respectable. Respectability is a difficult thing to establish in a  
 consideration is the extent to which the organization is  
 The other major component which weighs heavily in the donors'  
 justification for funding.<sup>33</sup>  
 question needs to be asked of all objectives presented as  
 objective really be measured, in a quantifiable way?" This  
 far as the donor is concerned, is, "Can progress towards that  
 be quantified. The most important attribute of an objective, as  
 stated in the Action Plan should be assessed as to their ability to  
 much of this has been done.<sup>32</sup> However, the goals and objectives  
 objectives should be established. With the Gulf of Maine Program,  
 under the umbrella of the mission statement, organizational  
 they want to develop a relationship with your program."<sup>31</sup>  
 statement about the organization from which they can determine if  
 organization [and it also] provides outsiders with a concise  
 provides the focus and momentum for all activities within the  
 The mission statement is very important. Internally, it  
 something for its contribution - movement towards its own goals.

3. The professionalism of the staff (as perceived through publications of the organization, personal and telephone interactions and written correspondence).

Establishing the credibility and respectability of the Board of Directors has already been discussed in the previous section. The next most important is the degree to which the states and provinces support the effort. No matter how prestigious the Board, and no matter how worthy and focused the organization's objectives, a foundation will be hard pressed to justify giving to an organization such as is envisioned here if the very governments involved are not visibly supportive. Ideally, the provincial and state governments should show their overwhelming support by making substantial financial contributions, and even making commitments to contribute in the future.<sup>34</sup>

In the current environment of financial belt tightening, among all the states and provinces; admittedly, it's going to be extremely difficult to get substantial government support for these efforts. However, the states and provinces can show their support in other ways, such as continual involvement on behalf of the governors and Premiers. Also, the states and provinces have in the past and should continue to give staff support for the effort, office resources, etc. Each one of these types of contributions should be recorded and dollar amounts affixed. This is vitally important to demonstrate the extent to which the governments are committed to the program.

The third factor which promotes credibility, as mentioned above, is the professionalism of the staff. There are lots of little things, most not mentioned here, that are important.<sup>35</sup> The

34 However, the organization does not want to send a message to foundations that it is so well funded from public sources that private funding is not needed. The way around this is to carefully delineate those aspects of the Action Plan which are appropriate for public funding and those aspects which are appropriate for private funding. Worthiness of the effort can best be demonstrated by showing that the public components of the Action Plan have been substantially funded while at the same time it can be argued that private funding is desperately needed for the 'private' components.

35 Many of these 'little things' are alluded to in the Fundraising Class Notes to be found in File: Yellow A-30.

most important thing to keep in mind when dealing with potential donors is to be personal. As was stated previously, people give to people. Write hand written notes; remember names; ask the donor's interests; make donors feel special - a part of the effort; show them the PEOPLE in your organization; in the case of typed correspondence, always handwrite a personal note or a handwritten P.S.

Outside the three considerations mentioned above, there are many other avenues towards establishing credibility and respect. In file Yellow A-20 there are several information sheets (made available by Janet Brysh)<sup>36</sup> which give advice as to how an organization might gain credibility and respect. Self evaluation and self discovery are key. Questions such as: What services do you provide? Can you demonstrate public demand for your services? What are the strengths and weaknesses in each service area? What other questions should be asked up front and on a continual basis? Self discovery should be an ongoing process within the organization to assure responsiveness to the changing environment and thus to continually ensure credibility.<sup>37</sup>

Janet Brysh personally suggests that if a fundraising entity is established, perhaps the organization should begin by soliciting funds from relatively small foundations, perhaps Maine foundations, to gain credibility. Another route might be to affiliate with another organization, which is already known and respected, whereby the larger organization solicits and channels funding to the Gulf of Maine organization.<sup>38</sup> Another possibility is known as federated funding, whereby several organizations combine for a single fundraising drive; the proceeds from the drive are then divided accordingly.<sup>39</sup>

36 Janet Brysh is the Librarian, Office of Sponsored Research Library at U.S.M. - Depository for the Foundation Center.

37 A one page check list for self-discovery of an organization can be found in file: Yellow A-20: How to Solicit Foundations.

38 Get Ready - Get Set: A Guide To Launching a Nonprofit Organization also suggests this as a possible approach but

cautions that the organization will be subject to the financial procedures of the larger organization and also, a fair amount of autonomy will be lost. Furthermore, they point out, "It is customary to pay the parent organization a fee for this fiscal oversight." See file: Yellow E-30.

Foundations to Pursue  
 This section provides a list of those foundations which might be interested in supporting elements of the Gulf of Maine Program. Of course, as explained in the previous section (characteristics of a Top Notch Organization), there is a long way to go before the Gulf of Maine Program will be in a position to solicit funding from any foundation.

A list of 40 foundations (out of 26,000 in the U.S.) was compiled by looking at two directories of actual foundation grants awarded in 1989; one directory entitled Grants For Environmental Protection and Animal Welfare and another entitled Grants For Foreign and International Programs.<sup>40</sup> The indexes note every grant awarded in 1989 in these respective subject areas; which foundation gave the grant, how much money, and who received it. Consideration was given to patterns of giving in areas which are closely akin to the Gulf of Maine Program.

For those 40 foundations, their respective entries in The Foundation Directory, 1989 were researched.<sup>41</sup> These entries show fundamental information for each foundation: address, financial data, purposes and activities, types of support, limitations, application information, administrators, trustees, number of staff, etc. The largest 100 foundations in the country are described in the Foundation Sourcebook Profiles, also published by The Foundation Center. For those foundations in the list of 40 which are among the largest 100 in the country, the Sourcebook Profiles was examined because the entries there are far more comprehensive.<sup>42</sup>

39 The United Way is a perfect example of this type of funding operation. For more information on federated funding, see file: Yellow E-40, page 66. This is the section entitled guide to Fundraising from The Nonprofit Organization Handbook by Patricia and Daniel Gaby.

40 These are two out of 23 'subject' indexes published by The Foundation Center, 1990.

41 The Foundation Directory and the Grant Indexes by subject deal only with those foundations which, in 1989, (1), had in excess of \$1 million in fixed assets; or (2), gave at least one grant in excess of \$500,000.

Looking particularly at purposes and activities, types of support, and limitations, The list was narrowed to 23 foundations. Many of the 40 were eliminated at this stage because of geographic and other limitations. Letters were sent to 23 foundations requesting their annual reports and their guidelines for application. Each of the following 23 foundations responded (the order of this list is arbitrary):<sup>43</sup>

W. Alton Jones Foundation  
The Pew Charitable Trusts  
Rockefeller Brothers Fund  
Jessie Smith Noyes Foundation, Inc.  
Joyce Mertz-Gillmore Foundation  
The William H. Donner Foundation, Inc.  
The Harder Foundation  
Jessie B. Cox Charitable Trust  
John D. and Catherine T. MacArthur Foundation  
Charles Stewart Mott Foundation  
Wallace Genetic Foundation  
Carnegie Corporation of New York  
W.K. Kellogg Foundation  
Public Welfare Foundation, Inc.  
The Educational Foundation of America  
The Andrew W. Mellon Foundation  
Richard King Mellon Foundation  
The William Bingham Foundation  
The Prospect Hill Foundation  
The Ford Foundation  
The George F. Baker Trust  
The New Hampshire Charitable Fund  
The Joyce Foundation  
The Mary Flagler Cary Trust<sup>44</sup>

42 In file: Yellow B-10 there is, photocopied from both The Foundation Directory and Sourcebook Profiles, guides as to how to read the entries. The largest 100 foundations in the country are profiled in Sourcebook Profiles.

43 A copy of the letter sent, and the addresses of the foundations which it was sent to can be found in file: Yellow B-10, Foundation Profiles. Also in this file are photocopies of the actual entries in either The Foundation Directory or Sourcebook Profiles for any of those foundations which were not written to.

44 This one did not surface in my research but was brought to

Many foundations like to give seed money, even though they might not explicitly state so. Although it may be a higher risk donation, in that the recipient is more likely to fail, (1), the donation may be more visible than a donation for operating expenses; and (2), the foundation is not expected to be committed

47 should be solicited, none are listed here. Even though it may be decided at some point that small foundations in fixed assets or gave a grant last year in excess of \$500,000. derived from the largest foundations in the U.S. (over \$1 million It should be kept in mind that these three groupings were

46 appropriateness for the Gulf of Maine Program. foundations, the materials on file are highlighted as to their or Sourcebook Profiles. In the case of the more promising respective foundation's entry in either The Foundation Directory In each of these files is also a photocopy of the

45 never sent them a letter. Based on the annual report of this foundation, I decided that my attention by a colleague at the Maine State Planning Office. Indeed, they should be included. Although the report is on file, I

For each one of the above foundations, there is a separate file.<sup>45</sup> All of the materials received (mostly annual reports and/or application guidelines) were carefully scrutinized for their appropriateness for the Gulf of Maine Program. In particular, stated Nature of giving, past Grants Awarded, and Emerging Areas of Interest were examined in the case of each foundation. The foundations were sorted into three categories: Excellent Prospects, Good Prospects and Possible Prospects.<sup>46</sup> The groupings are intended as a guide; they are not definitive. Foundations were excluded from the excellent and good categories for many reasons, some of which may later prove to be inappropriate. For instance, many foundations will allow exceptions to their limitations if one of their own trustees should endorse a particular cause or project. If it should be that an individual close to the Gulf of Maine Program knows a trustee of a foundation, even if that foundation did not make the list, the foundation could conceivably turn out to be a substantial contributor. Also, foundations which might be interested in supporting the Gulf of Maine Program in its initial stages were of special interest in developing these groupings.<sup>47</sup> In fact, foundations

which emphatically state that they will not fund new ventures were eliminated from consideration. In a few years, when the Gulf of Maine Program is no longer such a new venture, the excellent and good prospects lists may be radically different. These groupings appear also in Appendix A - Most Promising Foundations. The Appendix also contains an overview of each of the five foundations in the Excellent Prospects category.

#### Excellent Prospects

W. Alton Jones Foundation, Inc. (File: Yellow B-210)  
The Pew Charitable Trusts (File: Yellow B-240)  
The William H. Donner Foundation, Inc. (File: Yellow B-160)  
Jessie B. Cox Charitable Trusts (File: Yellow B-180)  
Public Welfare Foundation, Inc. (File: Yellow B-300)

#### Good Prospects

Joyce Mertz-Gilmore Foundation (File: Yellow B-190)  
John D. and Catherine T. MacArthur Foundation (File: Yellow B-110)  
Charles Stewart Mott Foundation (File: Yellow B-120)  
The Educational Foundation of America (File: Yellow B-170)  
The Andrew W. Mellon Foundation (File: Yellow B-200)  
The William Bingham Foundation (File: Yellow B-310)  
The Prospect Hill Foundation (File: Yellow B-230)  
Mary Flagler Cary Trust (File: Yellow B-290)  
The Harder Foundation (File: Yellow B-250)

#### Possible Prospects

Rockefeller Brothers Fund (File: Yellow B-320)  
Jessie Smith Noyes Foundation, Inc. (File: Yellow B-280)  
Wallace Genetic Foundation (File: Yellow B-260)  
Carnegie Corporation of New York (File: Yellow B-340)  
W.K. Kellogg Foundation (File: Yellow B-330)  
Richard King Mellon Foundation (File: Yellow B-150)  
The Ford Foundation (File: Yellow B-270)  
The George F. Baker Trust (File: Yellow B-130)  
The New Hampshire Charitable Fund (File: Yellow B-220)  
The Joyce Foundation (File: Yellow B-140)

Most foundations outline for the grantseeker exactly the way in which they want to be approached. The suggestions set forth by

to any further donations once the project is established, as is sometimes the case when foundations give money for operating expenses.

a particular foundation should be followed to a 'T', where the guidelines offer an opportunity for any type of personal contact (eg. "organizations may wish to contact a member of the Trusts' staff" - The Pew Charitable Trusts), the opportunity should be invoked. The grantseeker should be personal wherever possible. "Try to get across how much your project turns you on." 48

48 -----  
From The Nonprofit Organization Handbook, by Patricia and Daniel Gaby., page 158. This is an excellent section entitled How To get grants. The authors give advice on all steps of the actual solicitation process; the letter, the phone call, the meeting, the proposal. On page 165, a good example is offered of an actual proposal for a foundation grant. Each component of the proposal is discussed as to how to bring out the best of an organization. See file: yellow A-10.



## Corporate Giving

### Introduction

The introduction to the National Directory of Corporate Giving states that "To many inside and outside the philanthropic and nonprofit worlds, corporate giving remains something of a mystery...why and how corporations give remains obscure."<sup>49</sup> Indeed, corporations give in so many different ways and there are very few established protocols in the world of corporate giving. But corporations do in fact give to charities; in 1988, American corporations gave an estimated \$4.75 billion.<sup>50</sup> This introduction attempts to cover the fundamentals of corporate giving. Although there is a wide array of ways in which corporations give, there are a few basics that should remain foremost in the grantseeker's mind regardless of the particular corporation being approached.

By law, corporations may deduct up to 10% of their taxable income for charitable purposes, but it has been estimated that all corporate giving in the United States, including non-itemized contributions, averages about 1.9% of pre-tax income.<sup>51</sup> Companies have direct giving programs, private foundations or both. Company foundations are legally independent foundations (and as such are listed in the appropriate directories of foundations) which were created by the corporations and maintain close ties with the parent companies. Companies either endow the foundation at initiation or fund the foundation yearly (called pass-through foundations). Unfortunately, however, in looking at directories it is often impossible to see the connection between a particular corporation and their foundation.<sup>52</sup>

49 The National Directory of Corporate Giving compiled by The Foundation Center, 1989. Suzanne W. Hale, Editor. See File: Yellow C-30.

50 Ibid.

51 From The National Directory of Corporate Giving, page vi.

52 For instance, the foundation for the United Tanker

Direct giving by a corporation can take one of a hundred forms, from direct grants to the 'loaning' of personnel for particular causes. Donations range from the minute to the grand and many corporations are quite shy about revealing their histories of direct giving.<sup>53</sup> Very few corporations have official direct giving programs, the mechanics of which they openly advertise.

One thing that must be kept in mind with regard to corporate giving is that corporations generally want their donations to serve their own self interest in some way.<sup>54</sup> This is fundamental. In approaching a corporation for a gift, one must be able to demonstrate that the gift will, in the long run, somehow benefit the corporation.<sup>55</sup> The Foundation Center's User Friendly Guide - Grantseeker Guide to Resources states, "When approaching corporate grantmakers, ALWAYS [their emphasis] consider the self interest of the funder. There are those who maintain that there is no such thing as corporate philanthropy." A proposal to a corporation should emphasize how supporting your project helps them achieve company goals."

In line with the notion of self interest, it must be noted that "Nearly all companies link their giving to the geographic area where the company operates."<sup>56</sup> It would be of little value, corporation is called the International Foundation of New Jersey. The foundation for the Consumers Rock and Cement Company is called the Harney Foundation.

53 One reason for this is that many 'in-kind' charitable donations, such as the 'loaning' of personnel, are not accounted for as charitable donations but instead are recorded as company expenses, for tax purposes. Consequently, much of corporate giving is not even documented as such.

54 This helps to explain why, as The National Directory of Corporate Giving points out, "Education will remain the No. 1 priority as it has been for over a decade." The notion at work here is that corporations benefit from people being well educated.

55 One explanation of this phenomenon is that corporations must answer to their shareholders and must therefore demonstrate that they gave money to a particular cause, instead of an increased dividend, because it was actually a self serving cause.

56 From The National Directory of Corporate Giving, page vii.

for instance, for the Gulf of Maine Program to research corporations that do not have significant operations within this particular geographic area. "Corporate giving is almost always limited to programs of benefit to employees, their families, or residents of specific locations where the company conducts business. Geography plays a significant role in corporate grantmaking!" much more so than in foundation grantmaking.<sup>57</sup> Another fundamental of corporate giving is that the decision as to who should benefit from a company's philanthropic efforts is almost entirely in the hands of the top level management. "The role of the C.E.O. in company giving is essential."<sup>58</sup> Jack Shakerly, in his 1977 article entitled Exploring the Elusive World of Corporate Giving points out that of all the myths of corporate giving, stockholder influence upon that giving is one of the most widely held. "The Securities Exchange Commission does not require any philanthropic information in the annual report to stockholders, so the vast majority don't know where, or if, the corporation is giving. Corporations are controlled by management, pure and simple.<sup>59</sup> To understand what a corporation believes [with regard to charitable giving], you need only find what management believes."<sup>60</sup> One more fundamental - corporations give primarily 'in-kind.' "Find ways other than cash donations for corporations to support your project. Ask yourself: can the project be handled as a business expense rather than a grant? Would 'in-kind' support of equipment, use of corporate facilities, computer, printing, design services, or access to executive expertise be helpful to you?"<sup>61</sup> The rest of this section on corporate giving is divided into the following categories: Researching Corporate Giving, Types of Corporate Support, and Approaching Corporations.

- 57 From The Foundation Center's User Friendly Guide - Grantsseeker's Guide to Resources. See File: Yellow C-40.
- 58 From The National Directory of Corporate Giving, page vi.
- 59 Exploring the Elusive World of Corporate Giving, by Jack Shakerly. Reprinted from the July-September 1977 issue of the Grantsmanship Center News. Page 46. See File: Yellow C-40.
- 60 Ibid., page 48.
- 61 From The Foundation Center's User Friendly Guide - Grantsseekers Guide To Resources. See File: Yellow C-40.

Researching Corporate Giving  
Research is far more difficult in the corporate world than in the world of foundation giving. In those instances where a corporation has established a foundation for the purposes of charitable giving it is much easier; those foundations are listed in various directories and ALL American foundations must file the I.R.S. form 990-PF which is public information and which details the foundation's assets and yearly giving. However, The Foundation Center reports that in 1989 there were only 1,390 company sponsored foundations, a minute percentage of all the corporations out there.<sup>62</sup> For those corporations which have established such foundations, Corporate Foundation Profiles is an excellent resource.<sup>63</sup>

Some of the companies that have not established foundations do in fact have formal giving programs; guidelines, application procedures, etc. But this is rare. For those corporations that do not have foundations and which do not have such formal programs (the majority), the best opportunity to get a donation is by personal contact with management. All persons connected with the Gulf of Maine Program should therefore seriously consider who they know in the corporate world. These contacts are valuable and may prove to be the most productive path towards getting corporate dollars. Furthermore, this is the motivating factor behind many suggestions that a Gulf of Maine Program fundraising entity should have on its Board of Directors top level representatives from the corporate world. Lacking good contacts, here are a few good directories which attempt to aid the corporate grantseeker:

Corporate 500: The Directory of Corporate Philanthropy. 7th ed. San Francisco, California, Public Management Institute, 1988.  
Corporate Foundation Profiles. 6th ed. New York, New York, The Foundation Center, 1990.<sup>64</sup>  
The Directory of International Corporate Giving in America. Washington, D.C., The Taft Group, 1988.

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62 From The national Directory of Corporate Giving, page vi.  
63 Corporate Foundation Profiles, 6th ed., New York, New York, Published by The Foundation Center, 1990.  
64 Cited above.

68 Furthermore, getting just one corporation to donate substantially to a particular project may open the door for several others. The management of the donating corporation may

67 For this part of the research he suggests directories published by Chambers of Commerce, Directories published by Trade Associations, and the like. Also, annual reports to stockholders may be of limited help.

66 Jack Shakely, Exploring the Elusive World of Corporate Giving. See file: Yellow C-20.

65 Widely cited in this section. A photocopy of the Introduction can be found in file: Yellow C-40. Also there: a glossary, section entitled Corporate Contribution Trends, and How to use the National Directory of Corporate Giving.

National Directory of Corporate Giving. New York, New York, The Foundation Center, 1989. 65  
Taft Corporate Giving Directory. Washington, D.C., The Taft Group, 1989.  
Also, at the end of Jack Shakely's article, Exploring the Elusive World of Corporate Giving, there is an excellent list of resources (file: Yellow C-20).  
Shakely argues that traditional research methods are largely inappropriate when it comes to researching the potential charitable giving of corporations, mostly for the reasons cited above. He says that "There is a shroud of mystery over the philanthropic efforts of most corporations. [Corporate executives are generally] in despair because their good deeds go unnoticed and in fear that too much exposure will send a hoard of grant seekers down on them like avenging angels." 66  
Consequently, he suggests a research design which is concerned primarily with obtaining information about the companies' executives. From whatever one can ascertain from location, one can then focus in on some potential companies. 67 At that point the nature of the research shifts; the grantseeker is on a mission to research those particular executives.  
In fact, the grantseeker may want, at this stage, to focus in on just one, or perhaps two potential corporate givers. Full time might be dedicated to learning about the management of the targeted corporation. One never gets a second chance to make a first impression and that first meeting with a C.E.O. is often the ONLY meeting. One can't be too well prepared. 68

For this type of research, Shakely suggests Who's Who. This directory lists hometown, school, awards, offices held and most importantly, boards or other community connections the management has. "If a corporate executive sits on two foundation boards and they are both strongly involved in arts funding, chances are the executive's corporation is also inclined to favor the arts." 69 And he also recommends looking at Who Was Who "because even though a company founder might be dead, his predilections still may linger." 70

#### Types of Corporate Support Jack Shakely has identified the following six types of corporate support:

Outright gifts and grants  
Matching gifts by employees  
United Way  
Released staff time/volunteering  
Gifts in kind  
Program-related investments

Outright gifts and grants are by far the most common; but it is estimated that a full 20% of corporate giving is in a form other than cash gifts. 71 Alex Plinio and Joanne Scanlan, in a

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speak favorably of the project to managers in other corporations and funding the project may even become 'fashionable' among local corporations. This is exactly what happened in the case of the Northwest Pollution Prevention Research Center in Seattle, Washington. A consulting firm (Ross & Associates) did much of the ground work in setting up the recently established center. The Director of the consulting firm captured the interest of the Boeing Corporation, which in turn made substantial donations to the center. This in turn provided visibility and thus captured the interest and ensuing donations from many area corporations. For more information about the Northwest Pollution Prevention Research Center, see file: Blue F-10.

69 Jack Shakely, page 49.

70 Ibid., page 48.

report entitled Resource Raising: The Role of Non-Cash Assistance in Corporate Philanthropy identified fifty different types of nonmonetary assistance given to charities by corporations.<sup>72</sup> Donations of company products, supplies and equipment is the most common. This section deals briefly with each one of the above listed types of support.

Outright Gifts and Grants  
Cash awards forthcoming from corporate donors tend to be smaller than grants from foundations. And it should be noted that "many corporations...allocate corporate gifts to a geographic area in direct proportion to the number of employees living in that area."<sup>73</sup> Shakerly identifies four types of outright gifts and grants. Small gifts are those that go towards the purchase of things like Girl Scout cookies, raffle tickets, and the like. "Nobody is particularly proud of these gifts, but nobody begrudges them either."<sup>74</sup>

General support contributions are those made to an organization for their overall "good work" rather than for a specific project. Many of the corporate gifts which go to alumni associations fall under this category. This is the best kind to receive because the funds are not earmarked. Programmatic gifts are those which are for specific projects addressing particular problems. Corporations with defined philanthropic objectives prefer this kind because they are easily identifiable, are time limited and can be evaluated. Corporate sponsored projects are rare, but none-the-less a way in which some corporations give. Generally the corporation initiates a project and then picks a nonprofit organization to carry it out. There is virtually no flexibility for the organization with this type of giving.

#### Matching Gifts By Employees

71	From The National Directory of Corporate Giving, page vii.
72	Referred to in The National Directory of Corporate Giving, page vii.
73	Jack Shakerly, page 52.
74	Ibid.

Typically, this has been the exclusive province of higher education. If an employee gives to a particular university, the corporation promises to match the gift. However, "This type of giving is growing in popularity [for other causes] because it is seen as an employee benefit and it takes the heat off the corporation." THEY have not made the decision who to give to. 75

"Not only is corporate philanthropy the playground of the United Way, the United Way is the playground of corporate executives." 76 A full 50% of all corporate philanthropic giving goes to the United Way. Unfortunately, to get a share of this 50% you have to become a United Way member organization, not easy and probably not appropriate for the Gulf of Maine Program. 77

#### Released Staff Time / Volunteering

The Filer Commission on Private Philanthropy and Public Needs surveyed 400 corporate presidents and found that 92% said that they did philanthropic work on company time, 25% stating that they spent five or more hours per week. 78

Corporations provide for their employees to donate time to philanthropic interests in basically three ways. Company incentive programs provide that the corporation will sponsor charities in which their employees are active. The employee writes the request. Loaned executive programs allow for employees to be released to work full time for a charitable organization (for up to a full year in some instances) while continuing to be fully paid by the corporation. Because of the publicity resultant from these types of programs they are increasingly popular. A third way is for the entire company-wide volunteer effort to be focused towards one particular organization or cause. The advantage of this method is

75

Ibid.

76

Ibid.

77

However, Bruce Campbell, Director of the Poison Control Center at Maine Medical Center in Portland, Maine, suggests that the United Way is an excellent place to develop corporate contacts and possibly even recruit Board Members. It is among the United Way circles that those top executives with an interest in philanthropy may be easily found.

78

Jack Shakely, page 52.



that the employees are given the opportunity to interact with each other outside the office and furthermore, the employees can really come to understand the particular cause for which they are working.

#### Gifts In Kind

Shakely reports, "In the area of in-kind gifts, corporations have the potential to be more creative than any other area of philanthropy."<sup>79</sup> Indeed, the grantseeker can probably be most productive by approaching a corporation with some innovative ideas for in-kind giving. Below are just a few examples:

- Gifts of inventory. For instance, American Honda donated 10,000 minibikes to the national YMCA.
- Lending of corporate facilities for seminars and special events.
- There may be a particular opportunity if the corporation is doing a large renovation project. Rather than putting all that furniture and equipment into storage during the renovation, they could loan it to a nonprofit.
- 'Piggy back' your purchases with a corporation. They often buy in large quantities so merging your order with theirs may result in substantial discounts.

- If the corporation does in-house printing, perhaps they can do printing for you while their presses are not busy.
- Equipment rental companies may be willing to allow you to use equipment for a particular cause. For instance, U-Haul allowed the above mentioned minibikes to be transported throughout the country on their trailers.
- Nonprofit organizations quite often have their articles of incorporation drawn up by law firms that are donating their services.
- When corporations upgrade their equipment (phones, computers, vehicles, etc.), perhaps there is an opportunity for a nonprofit organization to receive the old equipment.
- Advertising slots (T.V., Radio, Billboards, etc.) sometimes get donated to nonprofits. For instance, the Southern California Rapid Transit District donated 100 spaces on the sides of their buses to a nonprofit.
- The donation of a corporation's mail room services can be most helpful for that huge, one-time mailing.
- And keep in mind the 'mushrooming effect.' A corporation which agreed to print a nonprofit's annual report also pressured the ad agency which they typically contract to donate graphics expertise.

Ibid.

The ad agency pressured their artists to donate time. The corporation also pressured their paper supplier to donate the necessary paper. There are a hundred more ways in which a corporation might be persuaded to donate in-kind gifts. "The key is to be creative."80

Program Related Investments  
Typically these are loans to a nonprofit which are offered at below market rates or which are, by normal standards, quite risky. Likewise, a corporation may agree to buy stocks or bonds offered by a nonprofit. "If the agency pays back the money on schedule, it is considered an investment. If the agency fails, it is considered a grant."81 Shakerly points out that currently, only a handful of corporations support nonprofits in this way, but "when it is finally understood and accepted, it could change the face of corporate philanthropy."82

80 Ibid., page 54.  
81 Ibid.  
82 Ibid.

## Individual Giving

Although over 80% of the charitable giving in the United States is done by individuals, it can be argued that this is the least efficient form of raising funds. For instance, it is not uncommon to have to spend 50 cents for every dollar ultimately contributed.<sup>83</sup> Obviously this money is much harder to come by than the process of, for example, investing \$1,000 into writing a grant proposal which turns out to yield a \$50,000 grant. But individual giving remains a lucrative method for organizations to raise funds. In 1987, the average American household gave \$734 to charities, almost 2% of which (\$12 per household) went to environmental organizations.<sup>84</sup> 13.4% of the households surveyed gave to environmental organizations.<sup>85</sup> Furthermore, "nearly half (48.9%) of the survey respondents said that 'protecting the environment' was a major goal of their giving and volunteering."<sup>86</sup> Generally, individuals give to a nonprofit organization because they belong to the organization and thus pay dues, or they contribute to a capital campaign of the organization, or both. Often times an organization will combine a capital campaign with a membership drive. Unlike a capital campaign, a membership drive serves important functions other than fundraising; it provides enormous visibility for the organization, and once the membership is large,

83 From the section entitled How To Build Membership in The Nonprofit Organization Handbook by Patricia and Daniel Gaby. See File: Yellow D-10.

84 From a survey conducted by the Gallup Organization and Independent Sector (2727 households surveyed). Cited in the November/December 1990 issue of Common Ground, the newsletter of The Conservation Fund, Arlington, VA. See File: Yellow D-20.

85 Ibid.

86 Ibid.

87 -----  
 These are the actual membership categories of The Island Institute, a Maine non-profit organization, listed from the greatest levels of giving to the least.

possibly a great deal of respect for the organization. Furthermore, respect for the organization may be enhanced even further if it has a large number of member organizations. In this way, each member of each member organization can be regarded as a friend of the umbrella organization. Indeed, it may well be that the Gulf of Maine Program should build a membership, of individuals or organizations or both, for the primary purpose of building its reputation as a project with a wide and popular appeal. However, this section looks at the instituting of a membership strictly for the purposes of fundraising, though the nature of visibility and increased respect should ultimately weigh heavily in the decision as to whether or not to institute a program of individual or organizational membership.

In many instances, members have a vote in the organization. Often times if members do have a vote, it is only for officers of the organization at the annual meeting. However, the notion of giving individual members a vote, at least on the face of it, is not considered to be appropriate for the Gulf of Maine Program at this time.

In regard to establishing a membership for fundraising purposes, it needs to be decided if the membership is to be limited to individuals only or whether corporations and/or other organizations may also become members. There is also the issue of whether or not to allow family memberships. Many membership type organizations get around this problem by providing for different classifications of members; for instance - corporate sponsors, foundations, etc.

Nonprofits also invent various categories of giving to recognize giving at different levels; for instance - founding members, sustainers, benefactors, guarantors, donors, contributors.<sup>87</sup> The Island Institute, and many other membership nonprofits, list all their contributors in their publications. For one, the givers are appropriately recognized and people love to see their names in print. Secondly, people love to read other peoples' names in print and look for people they know. In this way, potential givers may be enticed to donate if they see that someone they know and respect has already contributed.

It also needs to be decided whether to have periodic, all out campaigns for membership or a continuing general recruitment drive. All out campaigns carry with them the advantage of

generating a level of enthusiasm within the organization that could not be sustained throughout the year. Also, the organization's personnel can concentrate on the campaign while it is underway and be left relatively free for other pursuits the rest of the year. On going efforts have advantages also. One is that the members actually solicited are generally of higher quality, more dedicated to membership. "Many organization heads have noticed that an all-out, no-holds barred campaign is often followed by a rash of dropouts." 88

Naturally, in recruiting members, it is most worthwhile to solicit only those people (or organizations) which one already knows to have an affinity with one's particular cause. For the Gulf of Maine Program then, the mailing lists of environmental organizations throughout the Gulf region would be an excellent asset. Likewise, the subscription lists of magazines which are subscribed to by people whom it is known are sympathetic to environmental causes would be of value. For organizations throughout the Gulf region, the publication Gulllinks would certainly be very helpful. 89

It should be noted to that as well as looking just at membership lists, it might well be worthwhile to look at LEVELS of contributions to causes akin to The Gulf of Maine Program. For instance, one could take a look at lists like the one produced by the Island Institute which names all the donors and at what levels they gave. It is not untypical for membership organizations to find that 90% of the total amount donated comes from 10% of the members. 90 The trick then is to concentrate on those individuals

88 From the section entitled How To Build Membership in the book The Nonprofit Organization Handbook by Patricia and Daniel Gaby. page 32. See file: Yellow D-10.

89 Gulllinks is currently being produced by The Gulf of Maine Council on the Marine Environment. It is a comprehensive listing of organizations throughout the Gulf region who have an affinity for the Gulf of Maine Program. Due to be published in February, 1991. For Maine organizations related to marine resources, Coastlinks, published by the Maine Coastal Program, is an invaluable publication. See file: Green C-50.

90 From the FRI Bulletin found in file: Yellow D-20. This Bulletin was part of the January 1990 issue of FRI Monthly Portfolio produced by The Fund Raising Institute, a division of The Taft Group.

whom it is felt might become part of that 10%.  
 In regard to capital campaigns, in file Yellow D-20 there  
 resides a list of eleven elements of a successful capital  
 campaign.<sup>91</sup> Of particular note is the suggestion that the  
 organization must have a clear statement of purpose with  
 underlying specific goals and objectives. The memo also speaks of  
 the importance of the C.E.O. and Trustees being dedicated to the  
 campaign. A suggestion is that in many instances the campaign shouldn't  
 even go public until about half of the target amount is raised.<sup>92</sup>  
 It appears much more attractive to prospective donors to see that  
 others have already substantially contributed.  
 In conclusion, it should be re-emphasized that any type of  
 effort which intends to vigorously solicit individual donations is  
 going to require hard work and probably a fair amount of up-front  
 capital, to buy the mailing lists, pay staff, print brochures,  
 whatever. Furthermore, it appears that it may be more appropriate  
 for the Gulf of Maine Program to embark upon this type of  
 solicitation a few years down the road, unless, of course, the  
 primary motivation of building a membership is to establish  
 credibility, in which case it should be initiated immediately.

91 By Charles P. Cushman from the FRI Bulletin found in file:  
 Yellow D-20. This bulletin was part of the January 1990 issue of  
 FRI Monthly Portfolio produced by The Fund Raising Institute, a  
 division of The Taft Group.  
 92 Bruce Campbell, Director of the Poison Control Center at  
 Maine Medical Center, Portland, Maine. In person conversation,  
 January 3, 1991.

### Chapter 3 Recommendations

1. A non-governmental funding strategy should be developed which contains the following items:

- A. Solicitation of Foundations
  1. Contact the Public Welfare Foundation, and perhaps other foundations that are known to provide seed money for projects such as the Gulf of Maine Program.
  2. When funding priorities have been clearly identified, submit specific proposals for funding to the Jessie B. Cox Charitable Trust and the William H. Donner Foundation.
  3. Sustain a high level of research on prospective foundations, beginning with those listed in Appendix A.

- B. Solicitation of Corporations
  1. Contact all persons currently involved with the Gulf of Maine Program to identify potentially fruitful contacts with the management of large, Gulf region corporations.
  2. Known contacts should be built upon and there should be an ongoing effort to interest corporations in the Program.

- C. Solicitation of Individuals
  - A. The opportunity to receive funds from philanthropic individuals should be explored through known contacts.
  - B. A dues paying membership of individuals has many benefits but requires substantial time and money. Such a membership should be developed when the Program is more financially secure.

- D. Though not likely to raise substantial revenues directly, the notion of establishing a membership of affiliates, for the purpose of building recognition, should be explored.

2. A 5-year financial plan should be developed and adopted by the Council. The plan should be developed as follows:

A. Estimate the cost of priority items in the Action Plan, the Annual Work Plan and all other proposed activities and tasks of the Gulf of Maine Program.

B. Match each cost component with an appropriate funding source; eg. foundation grant, federal government grant, state or provincial appropriation, etc.

C. Develop a detailed schedule of implementation that can be used to estimate the amount of revenues required for each of the next five years.

D. The plan should be revised and approved by the Council annually.

3. A new entity should be created by agreement between the Governors and Premiers.<sup>93</sup> It should be established for the following purposes:

A. To raise and distribute funds from both private and public sources to implement Council mandates as outlined in the 5-year financial plan.

B. To act as a clearing house for funding information in regard to Gulf of Maine Program activities.

The entity should be governed by a Board of Directors with the following characteristics:

C. The Board of Directors of the entity should be appointed by the Council for three year, staggered terms.

D. The Board of Directors should number over 20 members but each member should serve on a one of 3 or 4 committees; ie. little Boards. Examples of committees: Fundraising, Public Education and Relations, Scientific Coordination.

93 It is recommended in Chapter 4 that two entities, for tax reasons, be established; one in the U.S. and one in Canada. Even if two entities are established, the recommendations listed here are applicable. For more on the notion of two entities, see recommendation number 1 at the end of Chapter 4.



5. The Council should investigate sources of non-government support in Canada to complement the investigation of U.S. sources reported in this chapter.

4. Presently, all donations to the Gulf of Maine Program, whether in the form of office supplies, personnel time and expertise, telephone charges, office equipment use, etc., should be assessed a dollar value and properly documented such that support for the Program may be easily demonstrated.

I. The Board of Directors should appoint the entity's Executive Director who would in turn hire other staff persons as deemed necessary.

H. Each state and province should be fairly represented on the Board of Directors.

G. Composition of the Board should be evaluated periodically by the Council to ensure that the above characteristics are maintained on the Board.

- Willingness to spend time fundraising
  - Familiarity with foundation giving
  - Ability to contribute financially to the Program
  - Familiarity with prominent philanthropists
  - Prominent public sector leadership
  - Top level corporate management
  - Marine science expertise
  - Familiarity with tax law in regards charitable giving
  - Willingness to be involved with Program activities
  - Personal dedication to the marine environment
- F. Among the Board Members there should be a spectrum of characteristics, including the following:

E. The entire Board should meet three times per year. The committees should meet more often as required.

## Tax Implications With Regard to Charitable Giving

### Chapter 4

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## Introduction

This chapter offers a brief description of the tax laws of both Canada and the United States with regard to charitable giving. It is thought that the Finance Network must address two questions which are greatly influenced by tax law:

1. If the Council pursues the formation of a new entity to solicit and distribute funds, where is this entity to be located; in the United States, in Canada or perhaps one entity in each country?

2. Exactly what kind of entity is needed to solicit and distribute non-governmental sources of funding? A range of options exist, including a charity, a nonprofit corporation, a quasi-government entity, a private foundation, an endowment fund, etc.

The tax laws of each country have a lot to say with regard to the limitations imposed on these different types of entities. Furthermore, the tax laws treat differently the deductibility of contributions; depending upon the exact nature of the receiving organization.

There follows in this chapter two sections: U.S. Tax Laws and Canadian Tax Laws. The primary focus of each of these sections is an examination of how the laws allow an entity to organize itself for charitable purposes. Those organizational structures which might be appropriate for a Gulf of Maine Program entity are examined with regard to the requirements and limitations imposed by the law. Deductibility of contributions is considered in the case of each alternative organization.

In the U.S. Tax Law section, three types of organizations are examined, each one organized under a different section of the Internal Revenue Code. Organizing under Section 501(c)(3) prohibits the organization from lobbying but contributions made to the organization are tax deductible and the organization does not have to pay income tax on revenues derived in the form of charitable contributions. Organizing under Section 501(c)(4) permits the organization to lobby but contributions made to the organization are not tax deductible. Organizing under Section 115 requires that the organization perform a function which is

essentially governmental. A test of this provision has been the extent to which the benefits of the organization's efforts accrue directly to governmental entities. Section 115 organizations don't pay income tax, contributions to them are tax deductible and they are permitted to lobby.

In the Canadian Tax Law section, three types of organizations are examined: charitable organizations, public foundations and private foundations. Contributions to any one of these types of organizations is tax deductible and none of them have to pay income tax.

Examined tangentially are the laws in regard to cross-boundary giving. The Canadians provide some limited instances whereby their citizens may give to foreign organizations and those contributions are deductible. The U.S. code provides no such instances.

This chapter does not examine the tax laws of each particular state and province in the Gulf of Maine region. However, it is advised that this be done at some stage, by an expert, with the aim of locating an entity in the state or province with tax laws most favorable for the Gulf of Maine Program's purposes.

Lastly, this chapter on tax laws is intended as a primer. It is written to give the reader a sampling of the laws out there that will ultimately have to be dealt with, worked around and within, and FULLY understood. Certainly it is advised that an expert or experts in the field of tax law be consulted before any binding decisions are made with regard to the structure or operating procedures of an entity.

At the end of the chapter there is a section entitled Chapter Recommendations.

- Section 501(c)(3)
- Primarily, Section 501(c) of the code describes all the different types of charitable organizations permissible; the requirements and limitations of each.<sup>96</sup> However, the preferred status of most charitable organizations is that of the 501(c)(3) organization, "since that status places the organization in a more favorable position to attract contributions of money or other property from individuals and businesses."<sup>97</sup> Contributions by U.S. citizens to 501(c)(3) organizations are tax deductible.
- A Section 501(c)(3) organization is defined by the I.R.S. as follows:
- "Corporations, and any community chest, fund, or foundation, operated and organized exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes...no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation...and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."<sup>98</sup>
- Each one of these restrictions must be expressly dealt with in the organization's Articles of Incorporation or Articles of Association. These articles, as well as many other documents, must be filed with the I.R.S. at time of application for Section 501(c)(3) status.<sup>99</sup>
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- 96 For a list of organizations permissible under Sections 501(c)(1) - 501(c)(21) (and more), see Operational and Legal Characteristics of Nonprofit Organizations, a chapter from Financial Management in Nonprofit Organizations, by Richard Wacht, 1984, published by Georgia State University. Found in File: Orange A-30.
- 97 Ibid.
- 98 From The United States Internal Revenue Code, Section 501(c)(3).
- 99 For a complete discussion of the requirements of filing as a Section 501(c)(3) organization, see Securing Tax Exemption for Exempt Organizations, by William Buratt, a chapter in The Nonprofit Organization Handbook by Tracy Daniel Connors, Ed., 1980, McGraw-Hill. Found in File: Orange A-20.

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Section 501(c)(3) organizations may receive revenue from one or more of the following sources: contributions (including membership fees, gifts and grants), net income from trade or business activities, investment income, and tax revenues levied for the benefit of the organization. Generally, these revenues are not subject to income tax (as are the revenues of a private corporation). There are two instances, however, where the income of a 501(c)(3) organization may be taxed:

1. If the organization involves itself in a profitable business type venture and the venture is not substantially related to the exercise or performance of the organization's primary purpose, the income from that venture is subject to be taxed.<sup>100</sup>
2. If the organization is deemed to be a private foundation, several restrictions are imposed, one of which constitutes a 2% tax on investment income.<sup>101</sup>

Because of the greater restrictions imposed, a Gulf of Maine Program entity should avoid being deemed a private foundation. All section 501(c)(3) organizations are presumed to be private

100 For example, if the Gulf of Maine Program were to operate an Information Center/gift shop at Acadia National Park, the income from that operation would probably not be taxed. If the Gulf of Maine Program were to run a pizza shop at Acadia National Park, the income from that venture would be taxed as if it were like any other pizza shop. However, running the pizza shop (and paying the appropriate taxes on the pizza shop's revenues) does not jeopardize the Gulf of Maine Program's status as a nonprofit organization as long as the operation of the pizza shop does not become the Gulf of Maine Program's primary purpose.

101 Other restrictions on private foundations include: (1), contributions by individuals or corporations to a private foundation are not deductible in as many instances as are contributions to a public charity; (2), a certain percentage of the funds received must be distributed within the following year; and, (3), oftentimes the officers and managers of a private foundation may be fined for violations of the above. Sub-sections 4940-4948 of the Tax Code deal with the restrictions upon private foundations.

102 Sections 509(a)(1) and section 509(a)(2) both allow an organization to escape private foundation status if more than 33.33% of the organization's support comes from the public. If at least 33.33% of the Gulf of Maine Program's support comes from state or provincial governments, this test might be easily passed, arguing that 33.33% of the support is essentially 'public.' Section 509(a)(3) requires only a 10% level of public support but in that instance, the organization must (1) be organized and operated to attract new and additional public or governmental support; (2) have a representative governing body; and (3) make its facilities or services available to the public. Under Section 509(a)(3), an organization is a public charity if its sole purpose is to fund other organizations which qualify as public charities under sections 509(a)(1) and 509(a)(2). A drawback to being structured as a 509(a)(3) organization, as pointed out by some lawyers who researched this very issue for the Council of Great Lakes Governors (see File: Blue A-470 for their deliberations) is that such an organization can disburse funds only to individuals and public entities, not private corporations. This may prove limiting if the program should ever want to give grants to private industry for cleanup or other such reasons. Likewise, the private research labs of some universities may be off-limits. This type of entity is known as a "support entity."

foundations, as opposed to public charities, unless the organization can meet at least one of three tests. These tests are outlined in sections 509(a)(1) - 509(a)(3) of the Code. 102 There is little doubt that a Gulf of Maine Program entity could be structured so as to pass these tests and thus operate as a public charity, but the restrictions are many and must be carefully considered. Another way in which 501(c)(3) organizations are restricted is the degree to which they are allowed to influence governmental decision making. Looking back to the language of Section 501(c)(3), one can see that clearly, this is a heavily restricted area for 501(c)(3) organizations. Richard Wacht has elaborated on how the specific language has come to be interpreted: "Influencing" legislation is defined in the tax code as either direct lobbying or grass-roots lobbying. Direct lobbying is dealing with members and employees of a legislative body or any government official involved in the formulation of legislation. Grass-roots lobbying is attempting to influence the public for the purpose of influencing legislation... 103



However, Wacht continues, there are certain legislative activities which a 501(c)(3) can carry out without jeopardizing its tax exempt status:

1. Furnishing a representative to testify as an expert witness on pending legislation in its area of interest, when so requested by a legislative committee.

2. Engaging in self defense lobbying for or against legislation that would affect the organization's existence, powers, tax-exempt status, or the tax deductibility of the contributions it receives.

3. Engaging in litigation to accomplish its purposes.

4. Engaging in nonpartisan, independent, and objective analysis, study or research, even though the result of that effort will support or oppose pending legislation and provided such research is conducted for the purpose of informing or educating the public. The reports of any research must be distributed to persons interested in both sides of the issue under study.

5. Finally, engaging in legislative activities to an insubstantial extent, the definition of which is not apparent in either the code or in court cases.<sup>104</sup>

Section 501(c)(4) provides for organizations to be tax exempt such as the following: "civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare."<sup>105</sup> A section 501(c)(4) entity is much like a section 501(c)(3) entity, but with two important distinctions. (1), contributions made to a section 501(c)(4) are not tax deductible. This puts the organization at an enormous disadvantage with regard to

103 Richard Wacht.

104 Ibid.

105 U.S. Internal Revenue Code, Section 501(c)(4).

106 From The U.S. Internal Revenue Code, Section 115.  
 107 A government entity may file if it wants to and receive an official determination letter recognizing its tax exempt status. For the exact procedure, see Connors, Page 1-33. File: Orange A-20.

Section 115 of the U.S. Internal Revenue Code provides: (1), that any government entity is exempt from paying federal taxes on income earned; and (2), contributions to any government entity are tax deductible. An entity which qualifies as one which exercises an "essential government function," and furthermore, all income which is generated by such an entity must accrue "to a state or any political subdivision thereof."<sup>106</sup> Presumably then, an entity of the Gulf of Maine Program could simply regard itself as a government entity and thus it would not have to file for tax exempt status at all.<sup>107</sup> It would not have to pay income tax on any of its earnings and also, any contributions to the entity would be tax deductible. The greatest advantage of organizing as a Section 115 entity, as well as those just cited, is that there are no restrictions on lobbying imposed upon a Section 115 entity. But there are important restrictions upon a 'government entity' different from those restrictions upon a charitable organization organized under section 501(c). The largest restriction is that all the organization's income

Fundraising. Donors gain no tax advantage by contributing. (2), Section 501(c)(4) organizations may engage in legislative activities to a substantial degree. About the only thing they cannot do is participate in the actual campaigns of candidates for public office. Furthermore, lobbying efforts which the organization engages in must be closely aligned with the organization's primary purpose. Richard Wacht suggests that perhaps an organization should organize two separate entities, one under Section 501(c)(3) and one under Section 501(c)(4). This way, tax deductible contributions can be made to the Section 501(c)(3) organization but lobbying can be done by the Section 501(c)(4) organization. However, the two organizations really would have to be entirely separate; different officers, different bank accounts.

each year must accrue to the state. The Council of Great Lakes Governors recently established the Great Lakes Protection Fund which is an endowment fund initially endowed with \$100 million contributed by 8 states, the money to be issued in the form of grants to a host of entities in pursuit generally of Great Lakes environmental protection. Lawyers working on this issue for the Council of Great Lakes Governors ultimately recommended that the Protection Fund entity be established as a Section 115 entity, but not after some struggling with the restriction stated at the beginning of this paragraph.<sup>108</sup>

In the course of researching on this issue, the Great Lakes lawyers pointed out in 1988 that "a strong argument can be made that the benefits derived from such income do accrue ultimately to the states."<sup>109</sup> Attorneys also write, "An argument could be made that the states ultimately benefit from these regional grants and prior IRS rulings in this regard have been favorable."<sup>110</sup>

One particular memo implies that there might be a problem with the funds not accruing to a single state but to a multi-state unit, as might be the case with the Gulf of Maine Program.<sup>111</sup> The lawyers point out, however, that they have gotten unofficial word from an 'authoritative source' at the IRS that the IRS would probably allow such an entity to qualify under Section 115 if the articles and bylaws required that any money provided by the various states at the outset was returned to them in like proportion upon dissolution of the organization.<sup>112</sup>

108 This is indeed the way that the fund came to be established. For a detailed discussion of the Great Lakes experience, see chapter 5 of this report, the section entitled Great Lakes. Also, see the following files for materials pertaining to the Great Lakes Protection Fund: Blue A-220, Blue-320, Blue A-330, Blue A-350, Blue A-440, Blue A-450, Blue A-460, Blue A-470.

109 From a memorandum issued by Michel, Best and Friedrich (written by David Hanson) of Madison Wisconsin, page 2. See File: Blue A-470.

110 From minutes of a meeting involving attorneys from the firm, Jones, Day, Reavis and Pogue. See File: Blue A-470.

111 From a memorandum issued by Michel, Best and Friedrich (written by David Hanson) of Madison Wisconsin, page 2. See File: Blue A-470.

However, the Great Lakes experience did not involve any Canadian provinces. It is a question quite aside from the ones raised here as to whether the IRS would allow an entity to be regarded as a government entity if the entity entertained substantial foreign involvement. It should also be noted that, unlike the Great Lakes Protection Fund, the Gulf of Maine Program intends on soliciting a fair amount of donations from foundations. It is well known that foundations don't like to give to government entities, perhaps another serious disadvantage to organizing under Section 115.

----- 112 David Hanson Memo, page 2. File: Blue A-470.

In Canada, there is an important distinction made between a Nonprofit organization and a charity. In both cases, the earnings of the organization are NOT subject to income tax, as are the earnings of individuals and privately or publicly held corporations. However, contributions made to a charity may result in the lowering of the income tax paid by the donor but there is no such tax relief for the donor in the case of making contributions to a Nonprofit. Consequently, there is far more incentive for donors to give to charities than to Nonprofits. It is thus recommended that if an entity is established for the Gulf of Maine Program in Canada, it should be a charity as opposed to a Nonprofit.<sup>113</sup>

Only those charities which are registered by Revenue Canada Taxation can issue receipts for donations which may be deducted (subject to limitations) from the donor's income for tax purposes. In the case of individuals, the donor receives tax credits which are applied directly to the tax paid.<sup>114</sup> In the case of corporations, contributions to charities are deducted from the income of the corporation for tax purposes.<sup>115</sup>

113 However, Interpretation Bulletin IT-496, which gives information on nonprofits, has been ordered from Revenue Canada. When it arrives, it will be filed appropriately in the Gulf of Maine files.

114 In this country, we refer to deductions of this type as 'below line deductions', i.e. a reduction in the tax paid rather than a reduction in income for tax purposes.

115 For a two page briefing, written by the author of this report, outlining how deductions for individuals and tax credits for corporations work in Canada, see file: Orange B-30. This briefing was sent to Faye Woodman, Assistant Professor at Dalhousie School of Law, for review. Several of Ms. Woodman's comments appear in the margins. Furthermore, she sent along a copy of relevant sections of the Canadian Tax Act, highlighted by herself - to be found in the same file. For notes of a

- 117 Ibid.
- 118 Ibid., page 6.
- 119 Ibid., page 2.
- 120 Ibid., page 5.
- 121 Ibid. This clause may present some problems for the Gulf

116 From Registering Your Charity, a publication of Revenue Canada, part of the Income Tax - Charities Series. Published September, 1985. Page 1. See File: Orange B-10.

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 conversation with Faye Woodman, see File: Orange B-20.

Registration of a charity also means that the organization doesn't have to pay income tax on its earnings. "Registration is granted if an organization's objectives, activities or proposed activities are considered charitable within the common law concept of that term", and the organization has shown that it fulfills the requirements of the Income Tax Act. "116 Furthermore, a registered charity must be exclusively charitable; no part of the organization may undertake acts which are uncharitable. Also, a charity cannot allow any of its income to become available for the personal benefit of any director or directing officer; and likewise, a charity cannot give away funds to any organization which is not also a registered charity. 117 Lastly, of particular interest for our purposes, it is specifically stated that a Canadian charity "must keep adequate books and records at a Canadian address." 118

The courts have grouped objectives which they consider to be charitable into four categories: the relief of poverty, the advancement of religion, the advancement of education, and other purposes beneficial to the community as a whole in a way the law regards as charitable. 119 Within the last category, Revenue Canada says that charitable organizations may be devoted to, among several other things, "protection (including preserving and improving) the national heritage, whether physical, environmental or cultural." 120 Clearly, it is within this category of objectives that the Gulf of Maine Program would fall. However, the brochure adds, "This does not include influencing public opinion for or against the identification of a specific site for special treatment, or helping to resolve differences of opinion concerning the identification of a particular site for special treatment." 121

There are three different categories of charities under Canadian law: A charitable organization, A Public Foundation, and A Private Foundation.<sup>122</sup> When registering as a charity, if the charity does not indicate which category it falls into, Revenue Canada will make the determination. Over 90% of Canadian charities are 'charitable organizations', or initiators of charitable activities. The other two categories of organizations are formed for the primary purpose of funding the charitable activities of other organizations. The distinction between public and private foundations has to do with the number of people which primarily fund the organization.

Perhaps a Gulf of Maine entity would want to become a public foundation, in that it might be intent on funding other charitable organizations; ie., a sort of 'flow through' organization. A public foundation is permitted to carry on its own activities, but most of its expenditures are made to other registered charities.<sup>123</sup> However, for tax purposes, all three of these categories are treated roughly the same. Their own income is not subject to income tax and contributions to them are tax deductible.

To apply for registration as a Canadian charity, one has to submit form T2050.<sup>124</sup> Along with the form, one needs to submit a copy of the organization's Articles of Incorporation.<sup>125</sup>

of Maine Program. An expert in this area of Canadian Tax Law should probably be consulted. A good place to start might be Faye Woodman of Dalhousie University School of Law. See file: Orange B-20, entitled Faye Woodman.

122 Ibid., page 6.

123 The United Way is a good example of a public foundation in Canada.

124 A copy of this form is in file: Orange B-10.

125 In the U.S., organizations that meet the Section 115 requirement, ie. they are substantially government entities, enjoy all the privileges of a charity with some added restrictions. No such mention of government entities were found in the course of researching the Canadian Income Tax Act. However, it may well be that a Gulf of Maine Program entity could form itself as a 'government entity', in Canada and thus avoid having even to file as a charity.

129 The Maine Public Broadcasting Network receives some 40% of its charitable donations from Canadians and those Canadian contributors can deduct the contributions from their income for tax purposes. This is allowed solely because MPBN is under the auspices of the University of Maine System. For the notes from a

128 This list is to be found in Schedule 8 of Canadian Tax Regulation 3503.

127 Canadian Tax Act, Section 118.1, Sub-section 1, Paragraph F.  
A list of non-Canadian charities to which the Canadian government has given to in the previous 12 months may be obtained from Revenue Canada, Ottawa, Ontario. Attn: Charities Division.

126 -----  
from Canada funneled through it. 129  
an appropriate U.S. university and all charitable contributions  
avenue the receiving entity would have to be 'under the wing' of  
receive charitable contributions from Canadians through this  
appropriate tax credits. 128 For the Gulf of Maine Program to  
universities to which a Canadian may give and receive the  
there is quite a long list published which actually names the  
universities in New England meet this eligibility requirement and  
ordinarily includes students from Canada. "127 Obviously many  
credits) to foreign universities "the student body of which  
Secondly, Canadians may contribute (and be eligible for tax  
by initially giving. 126  
credits, the Canadian government having 'sanctioned' the charity  
to the American Red Cross and be eligible for appropriate tax  
door for ANY Canadian individual of corporation to be able to give  
to be used for relief in that situation. This then would open the  
the Canadian government might give money to the American Red Cross  
a hurricane of devastating proportions it is not unreasonable that  
disaster relief. For example, if Northern Maine were to experience  
government itself. The purpose of this allowance is primarily  
taxation year, received charitable contributions from the Canadian  
receiving charity has, in the current or immediately preceding  
Firstly, tax credits are applied to the giving if the  
to an American charity and receive the appropriate tax credits.  
three cases in which a Canadian individual or corporation may give  
instances are however quite limited. There follows a discussion of  
credits or income tax deductions. There are exceptions. The  
charity located outside Canada the giving is not eligible for tax  
As a rule, if a Canadian individual or corporation gives to a



Thirdly, there is a commuter provision in the Canadian Tax Act.<sup>130</sup> This provision is such that anyone who lives in Canada but works primarily in the U.S. may give to U.S. charities freely and receive income relief as if the charities were Canadian. Obviously, however, this exception is applicable to a rather limited number of Canadians.

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 conversation with Barbara Beers, fundraiser for MPBN, see file:  
 Orange A-40.

130 Canadian Tax Act, Section 118.1, Sub-section 9.

## Chapter 4 Recommendations

1. Two new entities should be established, one in Canada and one in the U.S., although publicly, they should be thought of as a single entity.<sup>131</sup> As such, the two entities should, as much as possible, have the same set of individuals serving as the Board of Directors and they should have complementary mission statements and bylaws.

2. An entity established in Canada for purposes recommended in Chapter 3 (page 45) should be organized as a charitable organization under the Canadian Income Tax Act.

3. An entity established in the U.S. for purposes recommended in Chapter 3 (page 45) should be organized under Section 501(c)(3) of the Internal Revenue Code (but such that it is not characterized as a private foundation).

4. The Attorney's General offices of the states and provinces should be called upon to examine the following legal considerations prior to formation of a new entity:

A. Which particular state and province has the most favorable tax laws for the purposes of the new entity?

B. In the case of an American entity, is organizing under Section 501(c)(3) indeed the most appropriate.

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131 The recommended purposes and characteristics of these entities are described in recommendation number 3 at the end of Chapter 3, page 45.

C. In the case of a Canadian entity, is organizing as a charitable organization most appropriate? In particular, the notion of organizing as a government entity in Canada should be explored.

## Exemplary Efforts of Coordinated Water Body Protection

### Chapter 5

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## Introduction

This chapter examines five comparable efforts at coordinated water body protection. The efforts which have been chosen for the examination vary greatly but each one lends a good example for the Gulf of Maine Program in at least one way. The greatest variant among the examples is the way in which the effort is 'coordinated.' In most of the examples, there is clearly coordination between various states. In most of the examples, there is clearly coordination between different levels of government: local, state, federal. One of the efforts discussed is a good example of coordination between an American state and a Canadian province. All the efforts are examples of comprehensive, coordinated plans aimed at providing for the long range environmental protection of a water body in which many different jurisdictions have an interest.

Examination of each effort is done on basically three fronts:

1. In each case, the history of how the coordinated effort came about is examined with the aim of demonstrating what steps might be appropriate to achieving success for the Gulf of Maine Program.

2. Those inter-jurisdictional agreements which play a fundamental role in the coordinated effort are examined.

3. Those organizations or entities which are of particular aid to the coordinated effort are examined with attention paid to how they are structured and funded.

The five efforts discussed in this chapter are as follows: The Great Lakes, Chesapeake Bay, Puget Sound, The St. Croix River, and The Gulf of Mexico.<sup>132</sup> There follows a very brief overview of

132 There is in Washington State an interesting venture involving the E.P.A., several states, and the Canadians but it does not deal with protection of a water body. None-the-less, it might be worth taking a look at. It is called the Pacific Northwest Pollution Prevention Center and it was recently established as a nonprofit, public-private partnership for the

The Great Lakes  
 With regard to coordinated efforts at water body protection, eight states surrounding the Great Lakes have formed an impressive alliance and have signed two substantive agreements. There is an interstate compact at work in the region enacted specifically to provide for a coordinated effort at protection of Great Lakes water quality and water quantity. The Great Lakes Commission represents the eight states in Washington, D.C. and also facilitates much of the overall effort. There is an active and well respected private nonprofit organization there, known as the Center for the Great Lakes, which has done much to advance cooperation in the region. The Canadian provinces of Ontario and Quebec have been well represented at many of the deliberations. And in 1989, the region gave birth to the nation's first publicly endowed environmental endowment fund; \$100 million provided by the eight states. This section examines the recent history of the effort, the Great Lakes Commission and especially, the newly created Great Lakes Protection Fund.

Chesapeake Bay  
 In the Chesapeake Bay region, the three states (and Washington, D.C.) surrounding the Bay have teamed up with the E.P.A. to work on an impressive cleanup effort. The effort has been largely driven by formal agreements between the parties, and the agreements have provided the 'blueprint' for the effort - a tribute to their specificity. There is a Commission made up of representatives from the three states and there is also an

purpose of coordinating efforts to prevent further pollution in the Northwest United States. The center is funded from both public and private sources. Most notably, the Boeing Corporation has been particularly supportive. The President of the consulting firm which did much of the work to establish the center is very knowledgeable about U.S. - Canadian relations with regard to environmental protection, having served as the Commissioner of Alaska's Department of Environment and Conservation. Information about this consulting firm and the Pacific Northwest Pollution Prevention Center, including Articles of Incorporation and Bylaws, can be found in file: Blue F-10.

Executive Council which is made up of the Governors of the three states, the Mayor of D.C., the E.P.A. Administrator and the Chair of the Commission. These two organizations, funded by E.P.A. and the states, are the primary facilitators of the effort. There is also a private nonprofit in the region, known as the Alliance for the Chesapeake Bay which the Council contracts to implement all the public education components (by all appearances quite effective) of the effort. This section looks at the two most significant agreements in the region and two prominent organizations, the Chesapeake Bay Commission and the Alliance for the Chesapeake Bay.

#### Puget Sound

The Puget Sound effort does not provide an example of coordination with Canadians or even among states. What it does provide is an excellent example of how a water quality management plan might be funded. A committee was assigned the task of exploring ways in which to fund Puget Sound's Water Quality Management Plan and to make recommendations. They examined 20 different funding sources and recommended, among other things, the establishment of a foundation designed to solicit and distribute funds from both public and private sources. In this section, among other things, the Puget Sound Foundation is examined closely - what it does, how it is structured.

#### The St. Croix River

The recent effort to provide for the coordinated protection of the St. Croix River Valley provides the only example in this chapter of cooperation between a U.S. state and a Canadian province. By way of a Memorandum of Understanding, Maine and New Brunswick recently established the St. Croix International Waterway Commission for the purpose of protecting the vitality of the St. Croix region in the interests of both Americans and Canadians. This section looks at how the Commission was created and how it is funded.

#### Gulf of Mexico

The Gulf of Mexico is that region of the country which is most like the Gulf of Maine in that it is a huge gulf shared with a neighboring country. Unfortunately however, there has been minimal cooperation with the Mexicans there. Cooperation among the states in the region has been almost exclusively due to the encouragement of the E.P.A., who initiated the Gulf of Mexico Program. This section provides a brief overview of that program -

what the goals are and how it is structured.



## The Great Lakes

### Introduction

The Great Lakes region is comprised of five lakes, bordered by two Canadian provinces and eight U.S. states. The culture and livelihood of the entire region is largely dependent on the health of the lakes. As such, extensive management initiatives have been pursued in the Great Lakes region with regard to the protection of the quality of that water resource. There have been bi-national and interstate agreements on the issues of water quality and quantity, and several different organizations have been deeply involved. In recent years, there has been a particular flurry of activity, culminating in the creation of the Great Lakes Protection Fund.<sup>133</sup>

The key organizations involved with Great Lakes water management include: The International Joint Commission, The Great Lakes Commission, The Great Lakes Council of Governors, The Center for The Great Lakes and The Great Lakes Protection Fund. Furthermore, there has been a rich history of bi-national agreements and multistate agreements which have contributed to the coordination and furtherance of water quality and quantity objectives in the Great Lakes region. Consequently, following this introduction, there is a one page chronology of the most significant events in the Great Lakes region which have had to do with water quality and quantity. Following that, there is a one-page overview of Great Lakes organizations which have contributed to these coordinated efforts. Following these two one-page primers, there is a sub-section entitled History of Water Quality Coordination which describes more fully the chronology of events leading up to the creation of the Protection Fund, including bi-national and interstate

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Mike Donahue, Director of the Great Lakes Commission, gave a presentation at a conference that was entitled "Turning the Tide: Legislative Remedies for Troubled Waters. In his presentation, he outlined what he thought were "lessons to be learned" from the entire Great Lakes experience in regards water quality protection. A summary of his presentation, as part of the published conference proceedings, can be found in file: Green C-100.

agreements. It also explains the developing relationships between all of the contributing organizations. This section on the Great Lakes goes on to devote a separate sub-section to two of the above listed organizations: The Great Lakes Commission, and The Great Lakes Protection Fund. Although many organizations have contributed to the overall coordinated effort, it is thought that these two organizations in particular can be helpful to this inquiry because they lend themselves as possible examples for similar organizations in the Gulf of Maine region. The Great Lakes Protection Fund is given the most comprehensive treatment, for this is strictly a funding mechanism, very newly established. It is a \$100 million endowment fund, created by contributions from all eight states which border the Great Lakes.<sup>134</sup>

134 Strictly speaking, this is funding from public sources. But it is planned that now that the fund has been established, several private sources of funding will be solicited to enhance the endowment or contribute to the funding of projects on an annual basis.

# Brief Chronology

- 1909 - Boundary Waters Treaty between U.S. and Canada. Established the International Joint Commission.
- 1955 - Great Lakes Basin Compact signed by eight states and two provinces. Established the Great Lakes Commission.
- 1968 - Great Lakes Basin Compact ratified by Congress. Canadian provinces excluded from compact.
- 1972 - Great Lakes Water Quality Agreement (renewed in 1978) between U.S. and Canada. Creation of common water quality objectives.
- 1983 - Center for the Great Lakes established.
- 1983 - Great Lakes Council of Governors established.
- 1985 - Great Lakes Charter signed by eight Governors. Addressed diversions of Great Lakes waters.
- 1986 - Great Lakes Toxic Substances Control Agreement signed by eight Governors. Commitment to reduce toxic discharges into the lakes as much as possible.
- 1988 - Memorandum of Understanding between U.S. and Canada. Much like Toxics Control Agreement, but it involved Canada and was more explicit.
- 1989 - Great Lakes Protection Fund established. \$100 million endowment fund to be distributed to projects working towards the control of toxins into the Great Lakes.

## Great Lakes Organizations - A Brief Overview

The International Joint Commission  
Not strictly a Great Lakes organization. Established by agreement between U.S. and Canada in 1909 it has jurisdiction over all water which flows between the U.S. and Canada. Does much of its work in the Great Lakes region, however.

The Great Lakes Commission  
Established by interstate compact in 1955, the Commission is made up of representatives from the eight Great Lakes States (Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, Wisconsin). Their purpose is to guide, protect and advance the common interests of the eight member states.

The Center for the Great Lakes  
A private, nonprofit organization dedicated to serving the needs of Great Lakes decision makers. Established in 1983, the Center was instrumental in laying the groundwork for the Great Lakes Protection Fund.

The Council of Great Lakes Governors  
The governor of each of the eight states in the Great Lakes region is a member. Established in 1983, predominant achievements have been the Great Lakes Charter, the Great Lakes Toxic Substances Control Agreement and the Great Lakes Protection Fund.

The Great Lakes Protection Fund  
A \$100 million endowment fund created in 1989. Initial endowment built by contributions from the eight states of the Great Lakes region. Purpose is to support state and regional projects dedicated to controlling toxics in the Great Lakes.

# History of Water Quality Coordination

The first official agreement of cooperation between the United States and Canada in regard to water quality was the Boundary Waters Treaty of 1909. This Agreement established the International Joint Commission, mandated to provide "the principles and mechanisms to help resolve disputes and to prevent future ones, primarily those concerning water quality along the boundary between Canada and the United States." 135 The Commission is made up of six members, three appointed by the Executive from each country. A primary responsibility of the IJC is to issue orders of approval to applicants for the use, obstruction or diversion of waters which flow along the border of the United States and Canada.

Further responsibilities were bestowed upon the IJC by the Great Lakes Water Quality Agreement of 1972, renewed in 1978. This treaty, between the U.S. and Canada, "expresses the commitment of each country to restore and maintain the chemical, physical and biological integrity of the Great Lakes Basin Ecosystem." 136 Responsibilities of the I.J.C. under the Agreement include monitoring and assessing progress under the Agreement and assisting the governments with joint programs under the Agreement. Furthermore, the Agreement provides for the establishment of two bi-national boards: The Great Lakes Water Quality Board, and The Great Lakes Science Advisory Board, both to advise the Commission. Although the Commission has played an important role in encouraging cooperation between Canada and the United States in the Great Lakes region, it is doubtful that the Commission could be of such assistance to the Gulf of Maine Program. 137 Dr.

135 From a brochure entitled, The IJC, What it is, How it works. Published by the IJC. contains addressed for IJC headquarters in U.S. and Canada. See file: Black C-10.

136 Ibid. The aim of the treaty was to reduce phosphorus levels in the lakes, eliminate oil and visible solids, and to conduct necessary monitoring and surveillance studies within the lakes system.

137 The I.J.C. may be helpful to our purposes in that it serves as an example of an entity which is funded from both sides of the border. It was established by treaty and is thus funded by the U.S. through the Department of State and by Canada through the

Fischer, Environmental Advisor to the I.J.C., points out that their jurisdiction is limited primarily to the flow of fresh water between the two countries. They may step into a pollution control issue where they do not normally have jurisdiction if the governments of both countries request them to do so.<sup>138</sup> In 1955, all eight states bordering the Great Lakes signed the Great Lakes Basin compact, thus establishing the Great Lakes Commission.<sup>139</sup> The Great Lakes Basin compact was ratified by Congress in 1968 (Article 1, Section 10, Clause 3 of the U.S. Constitution requires that Congress ratify all interstate compacts).<sup>140</sup> The Commission is made up of 35 Commissioners, representing all eight states. The Commissioners are state officials, legislators and governors, appointees. The Commission guides, protects and advances the common interests of its membership in areas of regional environmental quality, resource management and economic development." The Commission is the only organization in the Great Lakes

Department of External Affairs.

138 See File: Black C-10 - notes of a conversation with Dr. Fischer.

139 It is interesting to note that the compact originally provided that Quebec and Ontario have full voting rights in the Great Lakes Commission. However, the version of the compact that Congress ratified did not provide that the provinces have voting rights. Article II of the compact itself (found in file: Blue A-120) provides that Quebec and Ontario could become members "by taking such action as their laws and the laws of the government of Canada may prescribe for adherence thereto." Mike Donohue, current Executive Director of the Great Lakes Commission explained that in 1989, the commission established an observer program whereby Ontario and Quebec are permitted to send observers (non-voting) to Commission deliberations. He thus characterizes the Commission as "practically bi-national - but not technically."

140 The Council of State Governments, located in Lexington, Kentucky, publishes listings and information on all interstate compacts in the United States. For an in depth discussion of how the courts have interpreted the 'Compact Clause', in the context of considering an interstate compact for the establishment of the Great Lakes Protection Fund, see the Memorandum produced by Michel, Best and Friedrich, pages 14-16, file: Blue A-470.

region with a statutory mandate to represent the collective views of great lakes states, and it played an important role in the development of the great lakes protection fund.<sup>141</sup> There is a later section of this chapter devoted to the great lakes Commission.

In 1983 the center for the great lakes was created by "Canadian and U.S. leaders who saw the need for a private organization that would help regional decision makers understand how great lakes objectives could be realistically achieved."<sup>142</sup> This is a private, nonprofit organization. They conduct research and analysis of issues in the areas of water quality and economic development and they produce analytical and informational briefings in the interest of providing for better overall decision-making by leaders in the region. Their Board of Directors and Advisory Committee are made up of representatives of corporate, academic, and environmental leaders from the United States and Canada. They also publish, bimonthly, The Great Lakes Reporter; a compendium of news, issues analysis and activities in the region.

The center was the initial leader in the drive to establish the great lakes protection fund. They published two reports, in August, 1988 and another in October, 1989, entitled: Investing in the great lakes - A Feasibility Study and Recommendations for the Establishment of the great lakes protection fund<sup>143</sup> and Shaping the great lakes protection fund - An Agenda for Action, respectively.<sup>144</sup>

141 Mike Donahue, Executive Director of the Commission, wrote a book just prior to establishment of the fund entitled Institutional Arrangements for Great Lakes Management - Past Practices and Future Alternatives in which he examines various options for institutional revision in the great lakes region. In file: Blue A-120 there is a photocopy of the book's table of contents. In the notes of a conversation with Mike Donahue, same file, there is information on how to order the book.

142 From Great Lakes Facts - The Center for the Great Lakes. See file: Blue A-270.

143 This report was actually done in two phases. This is the title of phase II; phase I was simply titled, Investing in the Great Lakes - A Feasibility Study. Phase I is published as Appendix D of the phase II report.

144 Both of these reports can be found in file: Blue A-220.

146 From a brochure published by the Council entitled Council of Great Lakes Governors - Great Lakes - Great Future. Found in File: A-420.

145 For a briefing paper entitled Mobilizing for Regional Action - Building an Effective Great Lakes Governor's Organization, see File: Blue A-430. This paper was prepared, prior to the establishment of the Council, to facilitate informal discussions between the Great Lakes Governors at the winter conference of the National Governor's Association in Washington, D.C.

They are discussed in the section on the Great Lakes Protection Fund, since they were quite influential in setting up the Fund.

The Council has been an invaluable mechanism in the drive towards coordinated regional policy with regard to Great Lakes water quality. In its first year, the Council passed a resolution which established the Great Lakes Governors Task Force on Water Diversion and Great Lakes Institutions. The Task Force was to (1) evaluate the present Great Lakes Compact and other institutional mechanisms to determine their relative abilities to strengthen the position of the states and provinces in resisting or regulating diversions of Great Lakes water; and (2), to review the institutional structures of the various Great Lakes organizations and make recommendations as to how organizational structures might be improved, as they relate to the overall effort to improve water

The Council is a 501(c)(3) organization, funded mostly by the dues paid by each member state (1989 - \$20,000 each). Funding also comes from foundations and corporations for specific projects, and occasionally, funds have been forthcoming from the State Department for appropriate projects. The staff is composed of 5 professionals and 3 support staff.

Also in 1983, the Council of Great Lakes Governors was established.<sup>145</sup> The Council is to "foster cooperation on environmental and economic policy issues common to its eight member states....The Council develops agreements that are signed and implemented by the Great Lakes Governors....In addition, the Council allows the Great Lakes states to speak with a united voice on national policy affecting the future of the Great Lakes region."<sup>146</sup> The Governors of the following eight states are members of the Council of Great Lakes Governors: Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin.



quality. 147

The Task Force issued its findings and recommendations in January, 1985. 148 The findings and recommendations were reported in three parts: The Need For Regional Action, Protecting the Water Resources of the Great Lakes Basin, and Institutional Capabilities in the Great Lakes Region.

The primary recommendation of the Water Resources Protection section was that the eight states adopt the Great Lakes Charter, now regarded as one of the greatest achievements of the Council of Great Lakes Governors. It was signed by all the Governors in 1985. Fundamentally, the Charter provides that "diversions of water from the Great Lakes are prohibited if, individually or cumulatively, they would have any significant adverse impact on lake levels, in-basin uses and the Great Lakes eco-system." 149 Furthermore, the Charter "recognizes the spirit of cooperation" among local, state and provincial agencies, the states and provinces, the federal governments of the United States and Canada and the international joint commission. 150

Having dealt with the issue of water diversion from the Great Lakes, the Council of Great Lakes Governors next moved to deal in a substantial way with water quality. In December, 1985, the Great Lakes Council of Governors created the Great Lakes Toxics Task Force, to develop recommendations to thwart continual discharge of toxins into the Great Lakes waters. The Task Force recommended for adoption the Great Lakes Toxic Substances Control Agreement. The Governors of the eight states signed the Agreement in May, 1986. 151

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147 Paraphrased from the actual resolutions passed by the Council which can be found, in their entirety in Appendices I and II of Water Diversions and Great Lakes Institutions, file: Blue A-420.

148 The report is called Water Diversion and Great Lakes Institutions. Recommendations are found on page 36. See File: Blue A-420.

149 From The Great Lakes Charter, Appendix III to the report, Water Diversion and Great Lakes Institutions. See File: Blue A-420.

150 Ibid.

151 For the full text of the Agreement, see Appendix B of the report prepared by the Center for the Great Lakes, Investing in

The Agreement states that "The Great Lakes States and Provinces have a shared duty to protect, conserve, and manage the renewable but finite waters of the Great Lakes Basin for the use, benefit, and enjoyment of all their citizens, including generations yet to come." 152 The Agreement basically articulates the following six principles:

1. Management of the water resources of the Great Lakes should be based on the recognition of the economic and environmental importance of this natural resource.
2. The Governors are committed to managing the Great Lakes as an integrated ecosystem, recognizing that the water resources of the Great Lakes transcend political boundaries.
3. The States concur that the foremost environmental issue confronting the Great Lakes is the problem of persistent toxic substances.
4. The States are committed to reducing toxics in the Great Lakes Basin to the maximum extent possible. They should be 'virtually eliminated.'
5. The States are committed to cooperating among themselves and with local and state agencies, regional groups, and the federal government, and the international joint commission and the public in the study, monitoring and management of the water resources of the Great Lakes Basin.
6. The States agree to work cooperatively to improve the region's information retrieval and technical analysis capabilities; comparable data bases being fundamental to this effort. 153

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 the Great Lakes - A Feasibility Study and Recommendations for the Establishment of the Great Lakes Protection Fund. Found in file: Blue A-220.

152 From the Agreement, found in Appendix B of Investing in the Great Lakes, see file: Blue A-220.

153 Ibid. In 1988, the U.S. and Canada signed a Memorandum of Understanding which was much like the Toxic Substances Control

Furthermore, the Governors recognized that in order for the Agreement to be effectively implemented, a long-term, stable funding source was required. They showed their inclination that there should be a "shared resource pool to fund activities that may not clearly be state or federal responsibilities." 154 In fact, the Agreement even named the Center for the Great Lakes as being appropriate to conduct a "feasibility study on the creation of a regional, long-term funding mechanism." 155 In this way, as Shiela Leahy, current Deputy Director of the Council of Great Lakes Governors, observed, "The larger agreements drive a whole set of initiatives. The Toxics Agreement set up the creation of the Protection Fund." 156

The Center for the Great Lakes produced a series of reports on the feasibility of a Protection Fund. The Council of Great Lakes Governors employed several consultants and set staff members to the task of designing a fund. The Great Lakes Protection Fund was established in 1989 and issued its first grants in September of this past year. \$4 million was committed to a variety of projects aimed at improving Great Lakes water quality. The Protection Fund is the nation's first multistate environmental endowment.

It works like this: Each of the eight states have agreed to provide money such that the total endowment is \$100 million. It is anticipated that the endowment will generate \$7 million annually. The funds are to be distributed in two ways. Two-thirds of the funds available annually are granted to regional projects which will contribute to the furtherance of the Fund's goals. One-third of the funds available each year are returned to the states (in the same proportion in which they originally endowed) for the funds to be distributed locally, in furtherance of the Fund's

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 Agreement but which went even further. Most notably, it involved the Canadians. For more information about the Memorandum, see file: Blue A-10. The differences between the Agreement and Memorandum are explained here.

154

Ibid., page 12.

155

Ibid., page 13.

156

Notes of a conversation with Shiela Leahy can be found in file: Blue A-420, Council of Great Lakes Governors - Miscellaneous.

goals. It is anticipated that the Fund will also gain revenue from private donations from foundations and corporations and as a third party recipient of penalties resultant from legal settlements. The Great Lakes Protection Fund operates as a government entity as defined by Section 115 of the Internal Revenue Code. 157 The fund is administered by a four-person staff in Chicago, Illinois. Later in this chapter there is a section devoted entirely to the Protection Fund.

#### The Great Lakes Commission

As was stated earlier in this section, The Great Lakes Commission was established in 1955 by interstate compact. The Congress ratified that compact in 1968. It was known as The Great Lakes Basin Compact. 158

The purpose of the Commission, as outlined in the Compact, is "to promote the orderly, integrated, and comprehensive development, use and conservation of the water resources of the Great Lakes Basin". 159 Objectives associated with this goal include the following:

1. To plan for the welfare and development of the water resources of the Basin as a whole as well as for those portions of the Basin which may have problems of special concern.

2. To make it possible for the states of the Basin and their people to derive the maximum benefit from utilization of public works, in the form of navigational aids or otherwise, which may exist or which may be constructed from time to time; and

157 For a discussion of Section 115 of the code, see in this report Chapter 4, Tax Implications. There is a sub-section entitled Section 115.

158 The full text of the Great Lakes Basin Compact can be found in file: Blue A-120. It is a reprint published by the Great Lakes Commission and includes, in the back, information on where to obtain the legislative history of the compact in each state and where to find the federal legislative history.

159 From the Great Lakes Basin Compact. See File Blue A-120.

3. To advise in securing and maintaining a proper balance among industrial, commercial, agricultural, water supply, residential, recreational, and other legitimate uses of the water resources of the Basin.<sup>160</sup>

Article VI of the Compact gives the Commission quite broad powers, many of which add up to giving the Commission the role of advocate for the region. And in fact, the Commission does serve as an advocate for the region, "by coordinating state positions on issues of regional concern...passing and disseminating resolutions, presenting testimony to Congress, and making frequent contact with the Great Lakes congressional delegation and federal officials."<sup>161</sup> The Commission is organized under Section 501(c)(4) of the Internal Revenue Code thus giving it authority to lobby, unlike more common 501(c)(3) organizations.<sup>162</sup> However, also unlike most other charities, because the Commission is organized under Section 501(c)(4), contributions to the Commission are not tax deductible. The Commission allocates about one third of its time and energy to active lobbying at the federal level. Another third is allocated to regional coordination, and another third to policy research and development.<sup>163</sup> It is also interesting to note that if the Commission makes recommendations in respect to certain things enumerated in the Compact, the member states are bound to consider the Commission's proposals with respect to these enumerated topics. Examples include: stabilization of lake levels; measures for combating pollution, beach erosion, floods and shore inundation; diversion of waters from and into the basin; suitable hydroelectric power developments, etc.

160 This characterization of the Compact has been provided in the report, Water Diversion and Great Lakes Institutions in the report's discussion of the Great Lakes Commission.

161 Ibid.

162 In the chapter in this report entitled Tax Considerations with Regard to Charitable Giving, there is a sub-section devoted to each 501(c)(3) and 501(c)(4) organizations.

163 This breakdown was provided by Mike Donahue, Executive Director of the Great Lakes Commission. The notes of a conversation with Mike Donahue can be found in file: Blue A-120.

As discussed fairly extensively in a previous footnote, the situation right now is that the Canadian provinces of Ontario and Quebec are permitted to send observers to the commission's deliberations, and they do so regularly. Although the original Great Lakes Basin compact, which was adopted by the states, provided that these two Canadian provinces could have voting rights in the commission, today they are not voting members. Article II, Paragraph B of the Compact states as follows:

The Province of Ontario and the Province of Quebec, or either of them, may become states party to this compact by taking such action as their laws and the laws of the Government of Canada may prescribe for adherence thereto. For the purposes of this compact, the word 'state' shall be construed to include a Province of Canada.<sup>164</sup>

The Bylaws of the Great Lakes Commission provide that "all component states shall share equally in the expenses of the commission."<sup>165</sup> Mike Donahue, Executive Director of the

commission, pointed out that contributions by the states amount to about two-thirds of the commission's total funds. The other third comes from grants, contracts and interest on investments. He says that the majority of this is grants, some from foundations, the Bylaws also provide that each member state have three votes on the commission, even though they may have in attendance at commission meetings more than three people. Furthermore, the states must pay for all expenses incurred by their representatives to the

commission. Current activities of the commission are wide and varied.<sup>166</sup>

From the Great Lakes Basin Compact, file: Blue A-120. It is unclear what exactly would have to change in order for the Canadian provinces to be full fledged members of the compact. But I think that if the notion of an interstate compact to aid in the furtherance of the goals of the Gulf of Maine Program is even remotely considered, this question must be examined in fair detail. Mike Donahue of the Great Lakes Commission would be a good place to start.

165 From the Great Lakes Commission Bylaws, Article VII. See File Blue A-120.

166 For detailed information, see Great Lakes Commission - Current Activities - 1990, file: Blue A-120.

167 These observations from Water Diversion and Great Lakes Institutions, page 35. See File: Blue A-420.

- make it more responsive to the state's needs.<sup>167</sup> to place pressure on the Commission to redirect it and thus Commission to be ineffective, it is that state's responsibility comments that in those instances where a state perceives the Commission among the states is widely varied. The Task Force 3. State commitment. As with representation, commitment to the those areas in which their limited resources can have the greatest impact.
2. Issue Priorities. Although the task force acknowledged that the Commission does not have adequate resources to address "all of the natural resource and economic policy issues facing the region," it was felt that they need to more carefully identify those areas in which their limited resources can have the greatest impact.
1. Representation. It was concluded by the Task Force that (a), the states are represented unequally, largely because of the varying emphasis they placed on the worth of the Commission; and (b), the lack of proper representation on behalf of the Canadian provinces was a serious detriment to the effectiveness of the Commission.
- Activities occur in basically 5 program areas: Administrative Program, Communications Program, Resource Management and Environmental Quality Program, Transportation and Economic Development activities of the Resource Management and Environmental Quality Program include working with the Council of Great Lakes Governors on an oil spill contingency plan; the preparing of a report on soil erosion and sediment control; an analysis of the 1988 drought and how it affected lake levels; and a study on the subject of medical wastes on Great Lakes beaches; to name a few. The Commission was criticized in 1985 by a Task Force whose mandate it was to look specifically at institutional arrangements in the Great Lakes region. The Task Force had basically three observations:

Introduction  
The Great Lakes Protection Fund is the nation's first

multistate environmental endowment. The eight states of the Great Lakes region (Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin) have all committed to providing the initial funds to establish a \$100 million endowment. It is projected that the annual revenues from such an endowment will be \$7 million. The money will be distributed to local and regional projects dedicated to controlling toxins in the Great Lakes.

The Fund was established in the wake of the Great Lakes Toxic Substances Control Agreement, signed by the governors of the eight states listed above in 1986. The Council of Great Lakes Governors realized that a long-term stable source of funding was required to ensure implementation of the Agreement. In depth studies were done, primarily by the center for the Great Lakes, and in a relatively short period of time the eight states agreed to establish the fund. 168 Even though each state has not yet paid in its share, just this past September, the Fund issued its first round of grants; \$4 million. The Fund is governed by a 16-member board of regional leaders; two appointed by each governor.

The two Canadian provinces which border the Great Lakes, Ontario and Quebec, have not contributed to the Fund. It was decided by the center for the Great Lakes, the organization which did the bulk of the research on the feasibility of such a fund, that it would be more prudent to move forward and involve the U.S. states in the Protection Fund immediately, leaving resolution of Canadian involvement to a later date. 169 Currently, the Center is working on the establishment of a similar protection fund in

168 The center for the Great Lakes is discussed in greater detail in a previous sub-section - History of Water Quality Coordination.

169 This reasoning is explained in Investing in the Great Lakes - A Feasibility Study and Recommendations for the Establishment of the Great Lakes Protection Fund, page 11. This report was produced by The Center for the Great Lakes. It can be found in File: Blue A-220. Also, this issue was discussed with Dan Ray, Head of Research for The Center for the Great Lakes, in a telephone conversation. For notes of a conversation with Dan Ray, see File: Blue A-220.



Canada. 170  
Many people in many organizations worked towards the creation of the Great Lakes Protection Fund. There were a multitude of issues to be resolved, from how to determine each state's share to how should the fund be administered once established. Exactly what type of organization the fund should be in the eyes of the I.R.S. was another difficult question. The creators were charting new territory, and the Gulf of Maine Program can make much use of the many issues that have already been resolved there.  
The rest of this sub-section is divided into the following parts: The Fund's Sources of Revenues, Organizational Structure, and Funding Guidelines.

# The Fund's Sources of Revenues

Investing in the Great Lakes - A Feasibility Study and Recommendations for the Establishment of the Great Lakes Protection Fund is the fundamental report used by the Council of Great Lakes Governors in determining the precise nature of the Protection Fund. 171 This report, prepared by the Center for the Great Lakes, was actually Phase II of a study they began in 1987. Phase I recommended that yes, the establishment of a protection fund was a good idea. 172 Phase II addressed the particulars, and emerged with 12 clearly stated recommendations for the establishment and administration of the fund. Naturally, the source of the fund's revenues was a primary question addressed by

170 Also, reports Dan Ray, there is a promising effort at the national level. Environment Canada has shown an interest in providing some money for sediment remediation work in the U.S., though it is not clear how this money would be channelled to U.S. efforts. Furthermore, there is talk between E.P.A. and Environment Canada about the establishment of a protocol that might lead to some sort of cost shared program. For more information about this, contact Dan Ray, Head of Research, Center for the Great Lakes. address & phone number in file: Blue A-220.

171 This report is in file: Blue A-220. Funds for this feasibility study came from the C.S. Mott Foundation, the George Gund Foundation, and the Joyce Foundation.

172 Phase I was entitled Investing in the Great Lakes - A Feasibility Study and can be found in Appendix D of Phase II. See File: Blue A-220.

the report.  
The report looked at the following funding alternatives:  
Income Tax Checkoff, Lotteries, Water Withdrawal Fees, Water Discharge Fees, Motor Fuel Taxes, Annual Appropriations, Fishing License Surcharge, and Third Party Settlements.<sup>173</sup> The following assumptions were made in order to evaluate the various alternatives:

1. The fund should aim at generating something in the order of \$10 million per year; anything less would not make a serious impact on Great Lakes water quality.
2. The revenue source should be predictable and consistent.
3. All eight Great Lakes states should contribute.
4. There should be a fairly direct relationship between the source of funds and the Great Lakes themselves.<sup>174</sup>

In assessing the feasibility of the funding options, the analysts asked four questions of each option: (1) Does it generate enough revenue? (2) Is it stable and predictable? (3) Is it politically feasible? (4) Is it related to water quality in the Lakes?<sup>175</sup>

In light of the above criteria, the analysts concluded that a water withdrawal fee was most appropriate. They recommended that the fund "utilize a one-time-only withdrawal fee based on a graduated scale in which the fee declines as water withdrawal increases. Limit the fee for residential users to no more than \$0.75 per month." They also went on to say that the fund should be eligible to receive funds from other (private) sources.<sup>176</sup> The one time withdrawal fee to establish an endowment fund was attractive in that it was clearly related to the Lakes. The 'one-timeness' of the fee made it politically attractive. And it had the potential to raise the required amount. Certainly the

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173 Each of these alternatives is discussed in pages 20 - 27 of the report.

174 Ibid., page 19.  
175 Ibid.  
176 Ibid., page 5.

177 All the information in this previous paragraph was relayed by Dan Ray, Head of Research for The Center for the Great Lakes. See File: Blue A-220.

State	\$15
Illinois	\$16
Indiana	\$25
Michigan	\$1.5
Minnesota	\$12
New York	
Contribution	(1,000,000's)

And there was another compromise. A quick review of a map of the Great Lakes reveals that Michigan is located almost entirely within the Great Lakes Basin, and consequently, they withdraw an extraordinary amount of water. They stated that they would provide no more than \$25 million (a full quarter of the endowment) even though by the water withdrawal method their assessment was higher. The other states agreed and adjusted their contributions accordingly. The actual contributions, by state, are as follows:

now. 177 Governor. The fund actually has \$67 million in assets right and the method of payment has yet to be proposed by the new a gubernatorial election this past fall. They are expected to sign Indiana has actually not signed yet due to the fact that they had Michigan and New York each floated bonds to pay their shares. term payments and Minnesota and Pennsylvania have paid outright. revenues. Of these, Wisconsin, Illinois and Ohio have arranged for shares. Five of the states are paying their shares out of general directly tied to the states' payment of their protection fund withdrawal fees within their states, though these fees are not In fact, 4 of the states are actually trying to set up water recommended. desired, though the withdrawal fee, as stated above, was particular state. They could raise the money in any manner withdrawn by the households and corporations within that to raise a share of the \$100 million based on the amount of water instance. Consequently, it was decided that each state would have assessing all households and businesses a withdrawal fee, for raising money in their own states by a particular method, The Governors, understandably, did not want to be tied to recommendation was compromised slightly before adoption. very stable and long term source of revenue. However, the notion of an endowment was attractive because it would provide a

Ohio	\$14
Pennsylvania	\$1.5
Wisconsin	\$12

As explained to me by Judith Stockdale, Executive Director of the Great Lakes Protection Fund, the Governors liked the idea of paying a one time fee towards the endowment, even though in some cases it was large. 178 In this way, the Governors were able to persuade their Legislatures to make the required appropriation. Generally, the Legislatures did not want to agree to a fee structure that could be increased at some later date.

Another factor which helped infinitely to make contributing to the fund politically feasible was a requirement that two-thirds of the fund's annual yield go to fund regional projects; one-third goes back to the states to fund local projects. Furthermore, the money goes to the states in like proportion to the initial contributions (for example, Michigan having kicked in a quarter of the initial endowment - one-quarter of one-third of each year's yield goes exclusively to fund projects in Michigan). However, the states must use the money to fund projects which are wholly in keeping with the funding guidelines of the Protection Fund. 179

Also, with regard to the one-third that goes to state projects, there is, as Dan Ray characterized it, a 'maintenance of effort' requirement. This is an understanding that money going to state projects should go to NEW projects, particularly those types of projects which government would not ordinarily fund. Mr. Ray says that many states have now become uneasy with this clause, wanting instead to use the money to advance their 'already in progress' efforts.

State appropriations need not be the only source of the endowment. It is expected that the fund will receive money from foundations, corporations, individuals, the Federal Government, and as the third party recipient of legal settlements. With regard to receiving proceeds from legal settlements, the fund is unique. There are a number of other environmental endowment funds in the country but most of them were initially endowed with the proceeds from a single settlement (and none are nearly as large). 180 Here is an environmental endowment fund

178 For notes of a conversation with Judith Stockdale, see file: Blue A-350. These notes are very brief however.

179 For more on this, see the part later in this sub-section: Funding guidelines.

established by other means, in place now, waiting patiently to receive whatever a judge may send its way. 181

#### Organizational Structure

There were an enormous number of questions to be decided in connection with how the Protection Fund should be organized. Likewise, there resides in the files adjacent to this report a wealth of information documenting the process by which the final structure was decided upon. There are briefs by law firms, minutes of meetings, briefings prepared by organizational theorists, recommendations of the Center for the Great Lakes, etc. This part of the discussion will merely attempt to (1), describe the actual organizational structure of the Great Lakes Protection Fund as it is today; and (2), highlight some of the more interesting questions which had to be addressed and in particular, describe what is in the files for further inquiry.

The Great Lakes Protection Fund is organized under Section 115 of the Internal Revenue Code as an entity which exercises an "essential government function." 182 As such the revenues generated by the entity are not subject to federal income tax, and any contributions made to the Fund are deductible off of the donor's income for tax purposes. Unlike traditional Section 115 entities (for example, all state agencies, municipalities, etc.), the Protection Fund is relatively free standing. It meets the criteria for being a 'government entity' because (1), it was initially

180 Examples can be found in Appendix C of Investing in the Great Lakes - A Feasibility Study and Recommendations. See file: Blue A-220.

181 The idea is that, say a polluter gets fined for illegal and excessive discharges into the Great Lakes. What an appropriate place for the money to go? - to an already established responsible organization that is going to use the money towards the effort of cleaning up the Great Lakes. Dan Ray, of the Center for the Great Lakes, says that now it is really just a question of briefing Attorneys General and Litigators throughout the Great Lakes region that the fund is ready, willing and able to receive such monies.

182 For a detailed discussion of the requirements and limitations of a Section 115 entity, and some other types of entities, see in this report Chapter 4, Tax Implications. There is a sub-section entitled: Section 115.

Funded by state governments; (2), the benefits of the Fund's efforts will essentially accrue to the states which funded it; and (3), should the Fund dissolve, all assets of the Fund would be returned to the states (in like proportion to how it was initially endowed). 183

The Fund is administered by a 16 member Board of Directors. Two Board Members are appointed by each governor. 184 Basically it was felt that responsibility for the administration of such a large amount of money should ultimately rest with elected officials. Consequently, appointment of the Board Members was put into the hands of the governors.

Some of the more interesting questions to be decided, as well as those already discussed, include the 'form of agreement', debate; i.e., should the Fund be established by multi-state agreement, as a private nonprofit or as a trust? The discussion about the possibility of a multi-state agreement turned largely upon how the courts have interpreted the 'Compact clause' of the U.S. Constitution and it was found that an interstate compact for this purpose would be inappropriate. 185

To see in greater detail the issues played out in deciding how the Fund was to be established, one might look to files Blue A-220 through Blue A-500. They are all summarized in Appendix B of this report - Directory of Files.

183 There are briefs from three different law forms, all of which discuss the various characteristics of a Section 115

organization, and other types of organizations considered, in the file entitled, Protection Fund legal Discussions, Blue A-470.

184 Two sources for further light on the debate as to how many should be on the Board and how appointed: 1. Investing in the

Great Lakes - A Feasibility Study and Recommendations, page 27, file Blue A-220. 2. Letter from the Workshop in Political Theory

and Policy Analysis to Nina McLawhorn, Project Director (Protection Fund Project), Council of Great Lakes Governors, file: Blue A-450.

185 These and other issues are examined closely in a brief produced by the Madison, WI law firm of Michel, Best & Friedrich.

This brief is found in file: Blue A-470, along with the briefs from two other firms discussing many of the same issues. The Michel, Best & Friedrich brief, however, is the most comprehensive discussion and even offers a list, eleven steps long, "The logical steps to establishing a Great Lakes Protection Fund."

Funding Guidelines  
After Phase II of the report Investing in the Great Lakes - A Feasibility Study and Recommendations, the Center for the Great Lakes embarked upon another report, issued in October, 1989. It was entitled Shaping the Great Lakes Protection Fund - An Agenda for Action - Recommendations for Fundable Activities.<sup>186</sup> The purpose of this report was to recommend "high-priority, widely supported, and practical action-oriented fundable activities to facilitate a fast and smooth start-up by the Great Lakes Protection Fund."<sup>187</sup>  
The report concluded that high priority fund activities fall into three categories:

Preventing, controlling and cleaning up toxic contamination  
Includes development of more compatible state strategies for toxic substances control, demonstrating clean up technologies, and strengthening pollution prevention efforts.

Educating the community about toxic substances  
Includes development of toxic substances education strategy, providing public information and curriculum materials, and encouraging information exchanges between business, citizen groups, scientists and government agencies.

Understanding Toxic challenges  
Includes research on contaminant cycling, airborne toxics, and the effects of toxics on fish, wildlife, and people.<sup>188</sup>

Based largely on the recommendations of the report, Funding Guidelines were adopted by the Protection Fund Board of Directors in April, 1990.<sup>189</sup> The Mission Statement of the Funding Guidelines

- 186 Found in file: Blue A-220.  
187 From Shaping the Great Lakes Protection Fund, page 1. See file: Blue A-220.  
188 Ibid., page 8.  
189 The Funding Guidelines may be found in file: Blue A-330.

- 192 Funding Guidelines, page 1. File: Blue A-330.
- 191 For a discussion of these two approaches, see Shaping the Great Lakes Protection Fund, page 24. File: Blue A-220.
- 190 Ibid.

The above described criteria were all recommended by the Center for the Great Lakes report. However, the report also recommended another criterion which was dropped by the Board: Leverage Federal Action - projects which would influence federal policies towards toxic substance control. The analysts feared that

4. Supplemental and Non-duplicative Characteristics - no existing federal or state projects. Only projects which do not duplicate other state, regional or federal efforts.<sup>192</sup>
3. Direct Action - not projects of 'further study' but those which will make measurable progress towards improving water quality.
2. Regional Applicability - projects with a regional approach seeking solutions to shared problems (projects local in nature can solicit their own states).
1. Relevance to Policy - projects which support activities outlined in the Toxic Substances Control Agreement and the Great Lakes Water Quality Agreement of 1972.

The following: "The Fund will states, among other things, the following: "The Fund will supplement but not replace federal and state monies and complement federal and state programs to protect the Great Lakes....The Fund seeks innovative, creative and solution-oriented proposals that involve all interested parties, link the research and policy communities and use existing Great Lakes institutions to set a common agenda." 190 It is interesting to note that although the report recommended that the fund use two approaches in selecting projects for funding, contracting for projects and requesting proposals, the Board decided that the Fund would not contract at all but simply invite proposals for review.<sup>191</sup> Furthermore, the Board determined that proposals be considered which seek the following:



193 Ibid., pages 2-9.  
 194 For more information, see Response to First Call for  
 Proposals, a one page flyer found in file: Blue A-350.  
 195 From a Press Release issued by the Great Lakes Protection  
 Fund. See file: Blue A-350. This Press Release also details the  
 projects which received funding.

the Fund might become a 'substitute' for federal action if this  
 goal were not included. The Board apparently felt that it would  
 not be prudent, at this time, for the Protection Fund to be seen  
 as fulfilling an advocacy role.  
 The Board also changed, from the recommendations, the  
 categories into which proposals would be placed for consideration.  
 The actual categories as stated in the funding guidelines are:  
 Prevention; Reducing, Controlling and Cleaning Up; and Research  
 Related Monitoring and Surveillance.<sup>193</sup> All the elements of the  
 recommendation are here, just categorized and stated a little  
 differently.  
 The response to the Protection Fund's first call for  
 proposals was, as might be expected, overwhelming. There were over  
 a hundred requests totalling \$17.6 million from 13 states, and 4  
 from Canada.<sup>194</sup> \$4 million was actually granted, funding nine  
 proposals. Governor Thompson of Wisconsin, Chair of the Great  
 Lakes Council of Governors, said "The speed at which the fund has  
 developed amazes even those of us who are its strongest  
 supporters."<sup>195</sup>

## Chesapeake Bay

### Introduction

The Chesapeake Bay region provides a good example of three states cooperating to restore and provide for the long range protection of the water body which they all border. Virginia, Maryland and Pennsylvania are all parties to an interstate organization known as the Chesapeake Bay Commission, whose purpose it is to facilitate cooperation between the three states in matters concerning the environmental protection of Chesapeake Bay. The Commission was established in 1980 by Virginia and Maryland; Pennsylvania joined in 1985. This section focuses primarily on the Chesapeake Bay Commission, and two interstate agreements between its member states. These agreements provide the backbone of the Chesapeake Bay effort.<sup>196</sup>

This introduction provides a brief history of cooperative developments in the region and immediately following, there is a one page chronology. Following that, there are four sub-sections: The Chesapeake Bay Commission, The 1983 Chesapeake Bay Agreement, The 1987 Chesapeake Bay Agreement and The Alliance for the Chesapeake Bay.

The Chesapeake Bay project was begun in 1976 when Congress appropriated money to the Environmental Protection Agency to undertake a study of the Chesapeake Bay area. The study was to examine the environmental status of the Bay and recommend strategies for development and management of the area. The report was issued in 1983 and was followed by the 1983 Chesapeake Bay Agreement. Signatories to the Agreement included the Chesapeake Bay Commission, as well as each of the three states which border

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For the published proceedings of a conference at which several key players in the Chesapeake Bay region made presentations, see Turning the Tide: Legislative Remedies for Troubled Waters, page 16. File: Green C-100. Presentations by Ann Swanson, Executive Director of the Chesapeake Bay Commission; William Baker, President of the Chesapeake Bay Foundation; a Newspaper Reporter; a County Administrator; and a State Senator are all summarized. As well as updates on recent developments, each of these presenters made "recommendations to other states."

Chesapeake Bay, including the District of Columbia, as well as the Environmental Protection Agency.<sup>197</sup> The Agreement was fairly general, but it did call for the development and subsequent adoption of the Chesapeake Bay Restoration and Protection Plan. The plan, adopted in 1985, mapped out cooperative strategies to address nutrients, toxics and living resources.

In 1987, a far more specific agreement was signed by the same parties, now known as the Chesapeake Executive Council: the Governors of the three states, the Mayor of the District of Columbia, the E.P.A. Administrator and the Chairman of the Chesapeake Bay Commission. The 1987 Chesapeake Bay Agreement established deadlines for 32 specific objectives to be met in six subject areas: Living resources; water quality; population growth and development; public information, education and participation; public access; and governance. Perhaps the most significant mandate of the Agreement was the development and adoption of the Chesapeake Bay Basinwide Toxics Reduction Strategy, signed by the Chesapeake Executive Council in January of 1989.<sup>198</sup> The Agreement has as its foremost goal the elimination of all toxics from the Bay by eliminating the discharge of toxics from controllable sources. The requirements of the 1987 Federal Clean Water Act were used as a "foundation for action."<sup>199</sup>

Today, the Commission continues to work on fulfilling the mandates of the 1987 Chesapeake Bay Agreement. Many other organizations are also involved with this effort, many of whom are members of the Alliance for the Chesapeake Bay. The Alliance is a nonprofit organization, whose primary purpose is to fulfill the education and public participation components of the Chesapeake Bay project. The Alliance was in fact contracted by E.P.A. in the early eighties for this very purpose. The Alliance is actually a coalition of more than 100 organizations.<sup>200</sup>

197 The full text of this agreement can be found in file: Blue  
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198 The full text of the strategy can be found in file: Blue  
B-60.

199 From The Chesapeake Bay Basinwide Toxics Reduction Strategy, page 2. See file: Blue B-60.

200 Another organization at work in the region worthy of particular note is the Chesapeake Bay Foundation. This is a private foundation which supports many organizations and efforts throughout the region. The Foundation's Annual Report and other

# Brief Chronology

1971 - Establishment of the Citizens Program for Chesapeake Bay which later became The Alliance for Chesapeake Bay. Coalition of over 100 organizations. Primary purpose: public education of Chesapeake Bay issues and initiatives.

1976 - E.P.A. study of Chesapeake Bay region initiated.

1978 - Chesapeake Bay Legislative Advisory Commission established by Virginia and Maryland to explore feasibility of establishing an interstate entity to facilitate management of Chesapeake Bay.

1980 - Chesapeake Bay Commission established. Just two member states: Virginia and Maryland. Purpose of Commission is to facilitate coordination among states and federal agencies with regard to environmental protection of Chesapeake Bay.

1983 - E.P.A. issues report calling for region-wide agreement.

1983 - Chesapeake Bay Agreement signed by Virginia, Maryland, Pennsylvania, the District of Columbia, the Environmental Protection Agency, and the Chesapeake Bay Commission. Fairly general but calls for development of the Chesapeake Bay Restoration and Protection Plan.

1985 - Chesapeake Restoration and Protection Plan adopted.

1985 - Pennsylvania joins the Chesapeake Bay Commission.

1987 - Chesapeake Bay Agreement signed by same parties that signed the 1983 Agreement (now called the Chesapeake Bay Executive Council). This Agreement is quite specific. It calls for the development of the Chesapeake Bay Basinwide Toxics Reduction Strategy.

1989 - Chesapeake Bay Basinwide Toxics Reduction Strategy adopted.

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Information about the Foundation can be found in file: Blue B-70,  
Chesapeake Bay Foundation.

The Chesapeake Bay Commission  
 The Chesapeake Bay Commission was established in the wake of  
 a report published by a study commission which had been  
 established in 1978 by Maryland and Virginia to examine the  
 feasibility of establishing an interstate governing body. The  
 Chesapeake Bay Advisory Commission deliberated for two years. They  
 examined the roles of existing agencies in the two states and  
 subsequently made formal recommendations to the governors and  
 legislatures of Virginia and Maryland. 201 The Commission  
 recommended the establishment of a permanent bi-state commission  
 responsible directly to the Legislatures of the two states. The  
 Commission recognized that the problems of managing Chesapeake Bay  
 lay not in lack of regulations but that there was a lack of  
 coordinating the regulations already in place. Consequently, the  
 Commission recommended that the new Chesapeake Bay Commission not  
 be given any regulatory powers. "The role of the Commission is  
 conceived as an improvement, not an enlargement of government." 202  
 It is quite interesting to note that the Commission looked  
 closely at the question of whether or not the Agreement required  
 congressional approval, as under the compact clause of the U.S.  
 constitution. 203 The Commission found that the compact clause "has  
 been limited...to those interstate agreements which may enhance  
 the political power of the participating states...The Supreme  
 Court has stated that [an agreement between states] does not  
 automatically present significant potential for enhancing state  
 power at the expense of federal supremacy." 204

201 This Report is entitled: Report of the Chesapeake Bay  
 Legislative Advisory Commission the governors of Maryland and  
 Virginia, The General Assembly of the Commonwealth of Virginia and  
 The General Assembly of the State of Maryland. See file: Blue B-  
 50.

202 Report of the Advisory Commission, page 45. See file: Blue  
 B-50.

203 The requirements of the Compact clause (Article 1, Section  
 10, clause 3) are also discussed in this chapter in the Section  
 entitled Great Lakes; Subsection, Great Lakes Protection Fund;  
 part 3, Organizational Structure.

204 Report of the Advisory Commission, page 46. There are

The primary factors which allow an interstate agreement to escape the requirement of Congressional Approval are as follows:

1. The Agreement does not confer any authority upon the member states which they would not otherwise have in absence of the Agreement.
2. There is no delegation of sovereign power to the interstate entity established by the Agreement. This is evidenced by the provision that each state has the right to accept or reject any rules or regulations proposed by such an entity.
3. Each member state is free to withdraw from the Agreement at any time.<sup>205</sup>

In light of the above criteria, the Interstate Agreement which established the Chesapeake Bay Commission did not have to be approved by Congress.

In 1980, the Legislatures of Virginia and Maryland adopted the Agreement as recommended by the Legislative Advisory Commission. In 1985, Pennsylvania joined the Commission as a full member with privileges and responsibilities equal to Virginia and Maryland.

The Commission is made up of seven members from each state. Five members of each state's delegation are members of their respective State Legislatures. One member of each state's delegation represents the Executive Branch, appointed by the Governor (or the Governor him or herself) and one member is chosen by the Legislative Leadership, an individual not a member of either the Executive or Legislative Branch. The purposes of the

three pages here which explore this issue. See File: Blue B-50.

205 These factors were defined by the 1978 U.S. Supreme Court case U.S. Steel Corporation vs. Multistate Tax Commission. In that case, an interstate agreement was challenged with the argument that the agreement violated the Compact Clause of the Constitution and was not duly approved by Congress. The Court ruled that, because the three factors listed here were present in that agreement, the agreement did not fall within the province of the Compact Clause and as such did not have to be approved by Congress. For discussion of this case see the Report of the Advisory Commission, page 48, file: Blue B-50.

Chesapeake Bay Commission are as follows:

1. To assist the legislatures of Maryland, Virginia and Pennsylvania in evaluating and responding to problems of mutual concern relating to the Chesapeake Bay.

2. To encourage cooperative coordinated resource planning and action by the signatories and their agencies.
3. To provide, where appropriate, through recommendations to the respective legislatures, uniformity of legislative application.

4. To preserve and enhance the functions, powers and duties of existing offices and agencies of government.

5. To recommend improvements in the existing management system for the benefit of the present and future inhabitants of the Chesapeake Bay region.<sup>206</sup>

The Commission is organized as a government entity under Section 115 of the Internal Revenue Code.<sup>207</sup> As such, it is funded almost entirely by the three member states, each donating an equal amount.<sup>208</sup> The Commission has received federal funds in the past for implementation of particular programs and typically these have been grants which required matching contributions by the states. The Commission does not receive any funds from non-government sources.<sup>209</sup>

206 From the Tri-State Agreement Creating the Chesapeake Bay Commission, Article II, Section 7. Found in The Chesapeake Bay Commission, a brief brochure which gives an overview of the Commission. See File: Blue B-50.

207 Section 115 is discussed more fully in this report in Chapter 4, Tax Implications with Regard to Charitable Giving. There is a sub-section entitled Section 115.

208 In 1990, each state provided \$125,000 for a total budget of \$375,000.

209 All information on funding the Commission comes from Ann Swanson, Executive Director of the Chesapeake Bay Commission. For notes of a conversation with Ms. Swanson, see file: Blue B-50.

Since the 1987 Chesapeake Bay Agreement, the work of the Commission has greatly increased. As the introduction to the Commission's 1988-89 Annual Report states, "The 1987 Chesapeake Bay Agreement has spawned numerous inter-jurisdictional working groups.... The Chesapeake Bay Commission has been centrally involved in this venture." 210 The Commission has produced 10 documents (most resulting from studies they have done and the reports consequently include recommendations to the Legislatures) during 1988 and 1989. Commission staff have participated in the development and review of 23 separate documents which were produced pursuant to the 1987 Agreement. 211

The 1983 Chesapeake Bay Agreement

The adoption of this agreement was the recommendation of a study funded by the Environmental Protection Agency, initiated in 1976. The Agreement was signed in 1983 by the Governors of Maryland, Virginia and Pennsylvania, the Mayor of Washington, D.C., the E.P.A. Administrator, and the Chairman of the Chesapeake Bay Commission. It provided for the following organizational actions:

1. Formation of the Chesapeake Executive Council. The Council is made up precisely of the signatories named above. Its purpose is to assess and oversee the implementation of coordinated plans to improve and protect water quality and living resources in Chesapeake Bay. It is mandated that the Council meet twice a year. 212
2. Establishment of an Implementation Committee to

210 From the 1988-89 Annual Report of the Chesapeake Bay Commission, page 1. See File: Blue B-50.

211 These documents are listed in Appendices D and E of the 1988-89 Annual Report of the Chesapeake Bay Commission. See File: Blue B-50.

212 The Council is funded primarily by an annual grant from E.P.A. of about \$13 million. They get money from other federal agencies, and the states, but those monies are generally earmarked for specific programs.



coordinate technical matters and the development and evaluation of management plans.

3. Establishment of an E.P.A. Liaison Office. Today, this office is operated under the auspices of the Chesapeake Bay Commission's Federal Agencies Committee. 213

All three of these entities are operational today. Once established, the Council also established two other committees: A Citizens Advisory Committee and a Technical Advisory Committee, each to provide assistance to the Implementation Committee. The Agreement also called for the development and adoption of the Chesapeake Bay Restoration and Protection Plan. The Plan was subsequently adopted by the Chesapeake Executive Council in 1985. The Plan's purpose was to "Improve and protect the water quality and living resources of the Chesapeake Bay estuarine system to restore and maintain the Bay's ecological integrity, productivity, and beneficial uses and to protect public health." 214 The plan stated a goal in each of the following three categories: Nutrients, Toxics and Living Resources. Under each goal, objectives were stated and it was described how they would be achieved. Goals and objectives were also stated for institutional and management type arrangements, calling generally for increased cooperation among the many agencies and organizations involved. In 1984, Congress and the state legislatures authorized expenditures totaling \$60 million in support of Chesapeake Bay clean up efforts. 215 It has been said that compared to the 1987 Agreement, the 1983 Agreement was far more general, "a brief declaration of purpose." 216 But the Agreement was in itself a milestone. As

213 From the Chesapeake Executive Council - The First Progress Report Under the 1987 Chesapeake Bay Agreement, page 1. A Photocopy of the section which discusses the 1983 Agreement is in the file entitled, 1983 Chesapeake Bay Agreement, Blue B-20. 214 From The Chesapeake Bay Restoration and Protection Plan, page iv. See File: Blue B-20. 215 From the Chesapeake Bay Restoration and Protection Plan, page I.p. 7. See File: Blue B-20. 216 From the 1988 and 89 Annual Report of the Chesapeake Bay Commission, page 19. See File: Blue B-50.

quoted from the Chesapeake Bay Restoration and Protection Plan, it demonstrates that action to clean up the Bay has begun. The states and Federal Government are using the Plan as a tool for defining and shaping both short-term and long-term commitments." 217

The 1987 Chesapeake Bay Agreement

If the 1983 Agreement was used to shape and define short and long-term commitments, the 1987 Agreement was intended to guarantee that those commitments bore fruit. It lists 32 specific objectives with a completion date established for virtually each one. The entire effort, as mapped out by the 1987 Agreement, is now known as the Chesapeake Bay Program. Figure 3, on the following page, shows the organizational structure of the Chesapeake Bay Program which has emerged in the wake of the 1987 Agreement. 218

The journey towards adoption of the 1987 Agreement began in January of 1987 when the chairman of the Chesapeake Executive Council, Governor Ballles of Virginia, called for a review of the adequacy of the 1983 Agreement. A committee of council members was formed to draft an agreement which would define specific goals and milestones and which would increase public accountability and public participation in the overall effort. A draft was ready by August. The Council's citizen's advisory committee held nine roundtable discussions on the proposed agreement and subsequently proposed some changes. Revisions were made and the 1987 Chesapeake Bay Agreement was signed by all members of the Chesapeake Executive Council in December of 1987, less than a year after the process was initiated. 219

The Agreement now serves as a blue print for the overall clean up effort of Chesapeake Bay. It represents a comprehensive, coordinated approach to attacking a complicated problem. It

217 From The Chesapeake Bay Restoration and Protection Plan, page x. See File: Blue B-20.

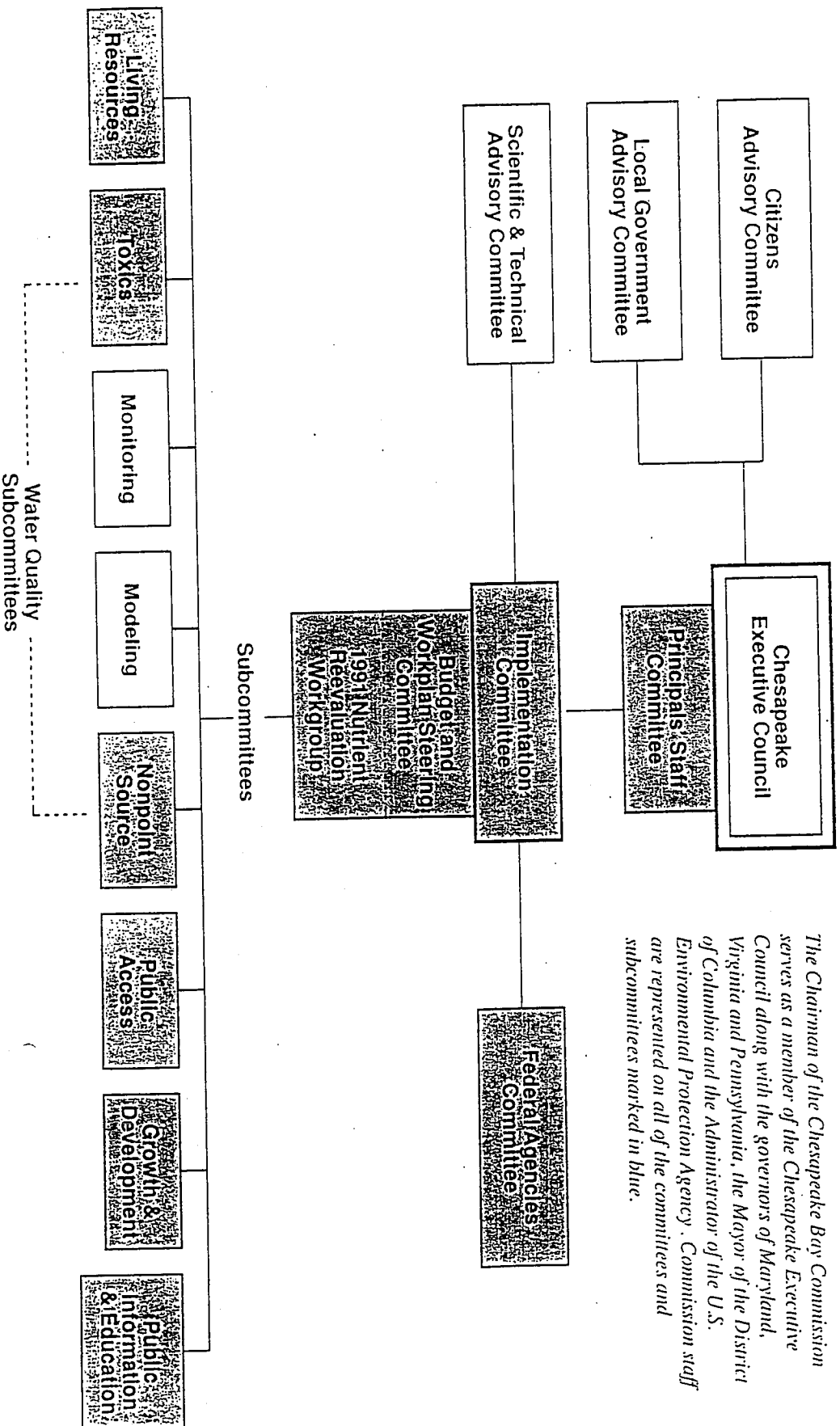
218 For detailed discussion of the tasks of each committee, and the names of all members, see Chesapeake Bay Agreement - Organization, Structure and Membership. File: Blue B-60.

219 This brief history is summarized from The Chesapeake Executive Council - The First Progress Report Under the 1987 Chesapeake Bay Agreement, page 1. See File: Blue B-60.

# MAJOR COMMITTEES IN THE CHESAPEAKE BAY PROGRAM

Figure 3

*The Chairman of the Chesapeake Bay Commission serves as a member of the Chesapeake Executive Council along with the governors of Maryland, Virginia and Pennsylvania, the Mayor of the District of Columbia and the Administrator of the U.S. Environmental Protection Agency. Commission staff are represented on all of the committees and subcommittees marked in blue.*



220 From the 1989-90 Annual Report of the Chesapeake Bay Commission, page 19. See file: Blue B-50.

221 The Agreement is published in full and discussed in detail in two sources which are both on file. Both of them were used for the discussion of the Agreement in this report. They are: (1) The 1989-90 Annual Report of the Chesapeake Bay Commission, pages 19-26, file: Blue B-50. (2) Chesapeake Executive Council - The First Progress Report Under the 1987 Chesapeake Bay Agreement, pages 3-11, file: Blue B-60.

Water Quality  
Goal: Reduce and control point and nonpoint sources of

Living Resources  
The goal: Provide for the restoration and protection of living resources, their habitats, and ecological relationships. It was recognized by the signatories to the Agreement that the health of living resources is the best indicator of the condition of the Bay. The Agreement specifies the health of living resources as "the yardstick" by which success of the program may be measured. One of the mandates of the Agreement then was to develop, adopt and begin to implement a baywide plan for the assessment of several ecologically valuable species.

involves, through the signatories, hundreds of organizations: government agencies, private corporations, nonprofit groups, citizen organizations, etc. As stated in the Chesapeake Bay Commission's most recent Annual Report, "The Agreement marks the Chesapeake Bay Program as one of the premier estuarine management programs in the nation.... The Agreement, and the commitments contained therein, provide a focus to direct the efforts of all jurisdictions within the watershed and provide both specificity and a sense of urgency to the Bay Program." 220

The Agreement lays out six goals, with specific objectives stated in regard to each goal. For many of the objectives, it was mandated that a detailed strategy be worked out amongst the appropriate organizations for implementation. In almost all cases, a time oriented work plan was mandated. To date, all milestones and timeframes contained in the Agreement have been met.

There follows a brief discussion of each one of the areas addressed by the Agreement. 221

pollution to attain the water quality condition necessary to support the living resources of the Bay. The Agreement states that "The improvement and maintenance of water quality are the single most critical elements in the overall restoration and protection of Chesapeake Bay." Ambitiously, the Agreement calls for the development and implementation of a basin-wide strategy to reduce nitrogen and phosphorus entering the main stem of the Bay by 40% by the year 2000. Also, the Agreement calls for the development and implementation of a basin-wide strategy to reduce the amount of toxics entering the Bay, consistent with the federal Water Quality Act of 1987. 222 The Chesapeake Bay Commission has characterized the water quality commitments as the most specific and most ambitious of all the commitments of the Agreement.

**Population Growth and Development**  
 Goal: Plan for and manage adverse environmental effects of human population growth and land development in the Chesapeake Bay watershed.

Foremost in this area, the Agreement recognizes the correlation between population growth and environmental degradation. The Agreement thus mandates that a panel of 12 experts be designated to report on anticipated land use and development patterns in the Bay region through the year 2020. Another notable commitment is that a strategy be developed to provide incentives and technical assistance to local governments to aid them in environmentally sound land use planning.

**Public Information, Education and Participation**  
 Goal: Promote greater understanding among citizens about the Chesapeake Bay system, the problems facing it, the policies and programs designed to help it, and to foster individual responsibility and stewardship of the Bay's resources. This goal was established in recognition of the fact that integral to the success of the Bay Program is the commitment of

222  
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 This strategy, published in December, 1988, is perhaps one of the finest achievements of the Chesapeake Bay Program. The goal of the strategy is to "work towards a toxics free bay by eliminating the discharge of toxic substances from all controllable sources." The full text of the strategy, entitled the Chesapeake Bay Basinwide Toxics Reduction Strategy, can be found in file: Blue B-60.

Individuals to the program. As stated by the Chesapeake Bay Commission, "Our citizens must know, understand and even love the Bay." Foremost in this area is the mandate that there be an opportunity for public review and comment on all implementation plans pursuant to the Agreement.

**Public Access**  
Goal: Promote increased opportunities for public appreciation and enjoyment of the Bay and its tributaries. Successful achievement of this goal, it was recognized, is fundamental to achievement of the previous goal: increasing public awareness. Two major commitments in this area were: (1) a comprehensive inventory of all current access opportunities which would serve as a point of departure for a comprehensive strategy to increase opportunities; and (2), publication of a guide to access facilities.

**Governance**

Goal: Support and enhance the present comprehensive, cooperative, and coordinated approach toward management of the Chesapeake Bay system.

Goal: Provide for continuity of management efforts and perpetuation of commitments necessary to ensure long term results. Commitments in this area are not so 'product oriented' as in other areas but instead call for the strengthening of the institutions involved and ways in which those institutions may better work together. For instance, the Agreement calls upon the E.P.A. to develop a coordinated, federal agency work plan which identifies specific federal programs to be incorporated into the Chesapeake Bay Program.

The merits of the 1987 Chesapeake Bay Agreement lie in its recognition that specificity was integral to success of the program. Completion dates are stated, right in the Agreement, for virtually every mandate. Twenty-three reports have been published to date in direct compliance with mandates of the Agreement. 223

223 In File: Blue B-60, there is a list of all of these reports and an order form.

The Alliance For The Chesapeake Bay  
 This organization was originally established in 1971 as the  
 The Citizens Program for the Chesapeake Bay, Inc. In 1988, the  
 name was changed to The Alliance for the Chesapeake. It is a  
 private, nonprofit organization (organized under section 501(c)(3)  
 of the Internal Revenue Code). The Alliance has managed the public  
 participation component of the Chesapeake Bay Program since 1980.  
 It is actually a nonprofit federation; a coalition of citizen  
 organizations, business enterprises, scientists and other  
 nonprofits who all have a common interest: environmental  
 protection and restoration of the Bay. 224  
 Here is a sampling of some of the projects that the Alliance  
 has undertaken: 225  
 - Field trips to the Bay for state and local decision makers which  
 combine "hands-on" Bay activities with evening discussion  
 sessions.  
 - Speaking appearances region wide.  
 - Production of a monitoring handbook to be used by citizens  
 involved in monitoring programs.  
 - Production of white papers on policy issues and program needs.  
 - Publication of a quarterly newsletter which has a circulation of  
 15,000.  
 - Publication of a book entitled Baybook: A Guide to Reducing  
 Water Pollution at Home. This book has sold over 100,000 copies.  
 The Alliance is funded by many different sources. Its 1989  
 annual budget was about \$800,000. 226 Grants and contracts provide  
 the bulk of the Alliance's revenues. The most stable and  
 substantial grant comes annually from the E.P.A. (last year - \$13  
 million). 227 The Alliance also raises revenues from the sale of

224 For a complete list of members and supporters of the  
 Alliance, see Alliance For the Chesapeake Bay 1989 Annual Report,  
 file: Blue B-40.  
 225 These activities were all noted in Chesapeake Executive  
 Council - The First Progress Report Under the 1987 Chesapeake Bay  
 Agreement, page 25. See file Blue B-60.  
 226 The budget is detailed in the Alliance's 1989 Annual  
 Report. See file: Blue B-40.  
 227 Some of the budgeting information conveyed in this  
 discussion came from Fran Flannigan, Executive Director of the  
 Alliance For Chesapeake Bay. For notes of a conversation with Ms.  
 Flannigan, see file: Blue B-40.

228 The telephone number is: 1-800-662-CRIS.

The Alliance has offices in Maryland, Virginia and Pennsylvania. They also run a toll-free hotline known as CRIS - Chesapeake Regional Information Service. Callers can access recorded information on a variety of topics, including listings of events and publications available, and they can also leave personal messages with questions. 228

their publications, such as The Baybook mentioned above. The Alliance also produced the Chesapeake Bay Access Guide, as mandated by the 1987 Agreement (discussed above), for which the Alliance received 16% of its 1989 budget. Other sources include revenues from conferences and field trips, and membership dues and contributions.



## Puget Sound

### Introduction

In the mid-1980's, the Washington State Legislature created the Puget Sound Water Quality Authority and gave it the mandate to develop a Water Quality Management Plan. In 1988, the Authority organized the Puget Sound Finance Committee to identify long-term funding options to implement the plan. 229 The Finance Committee Report, offered up in 1989, provides an excellent examination of funding options for the environmental protection of an ocean bay, somewhat similar to the Gulf of Maine. 230

The committee explored four broad types of funding: new or expanded state revenue sources, local funding options, a Puget Sound Regional Fee and the formation of the Puget Sound Foundation. The committee looked closely at 20 different funding sources, within the above four categories. They distilled funding options down to six alternative plans, each one a different combination of funding sources. Each alternative was developed so as to be able to raise the required amount. The alternative which was ultimately recommended calls for the creation of a Puget Sound Foundation, four new proposed state revenue sources, and a system of user fees designed to distribute costs among polluters and clean water benefactors. See Figure 4, on the following page, for an overview of the recommended alternative.

Although the committee's report is useful for a variety of reasons, not the least of which is the comprehensive examination of public funding sources, discussion here is focused on the Puget

229 Their goal was \$40 million which would complement their current level of \$15 million. The committee had good information on funding levels needed and uses for those funds.

230 Funding the Cleanup and Protection of Puget Sound - Report of the Puget Sound Finance Committee December, 1989. See File: Blue C-10. Very good report.

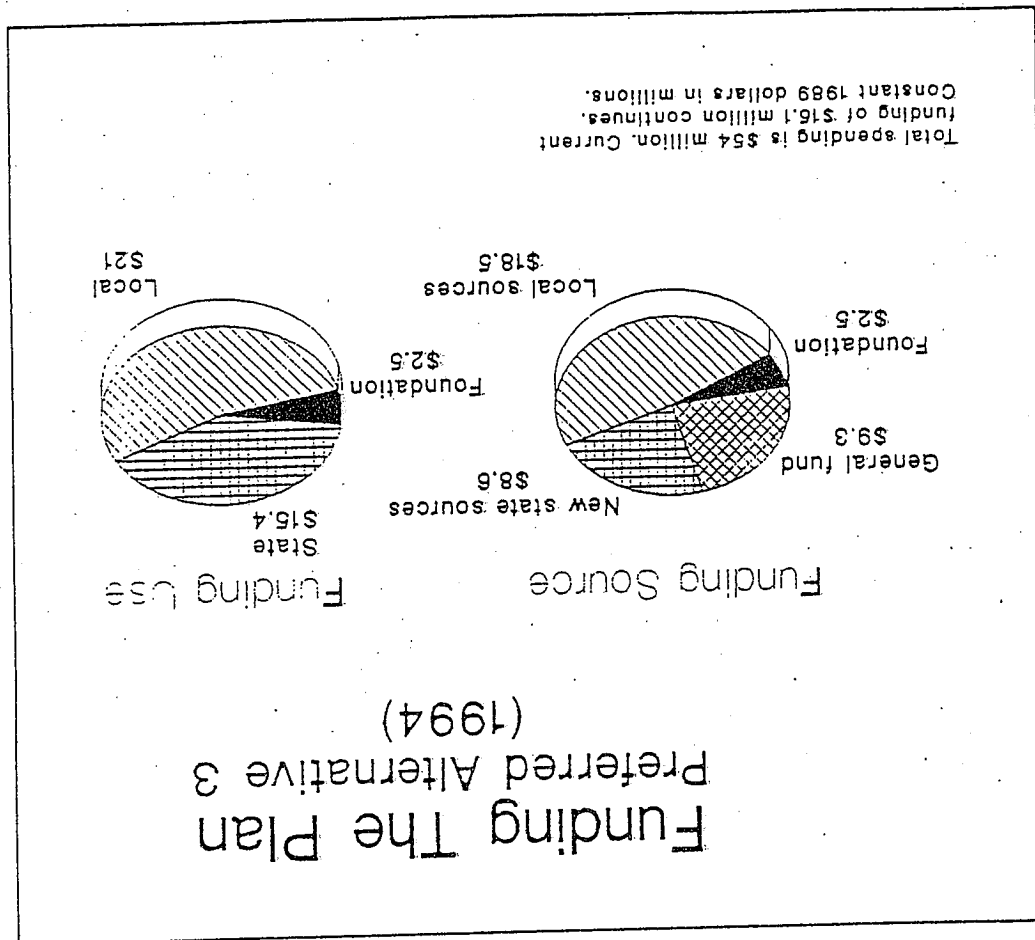
Figure 4

ALTERNATIVE 3:  
Preferred Alternative

Increased State General Fund, Increased State Taxes,  
Local Revenue, And Puget Sound Foundation

Summary:

This alternative, selected by the Committee as the preferred alternative, raises \$8.6 million annually from a package of new and increased state taxes. Local program revenue needs are reduced by \$2.5 million to \$18.5 million/year as a result of state funds made available from the new state tax revenues. \$2.5 million per year in revenue is contributed through a new Puget Sound foundation. Finally, the remaining \$9.3 million in funding required is provided by the state General Fund.<sup>7</sup>



The general fund revenue shown here includes funds for the point source program. This portion may eventually be replaced by Municipal and Industrial Permit Fee revenue.

Sound Foundation; how it is structured and what its mandate is. The Foundation serves as sort of an umbrella organization, collecting revenues from both public and private sources.

#### Establishment of The Puget Sound Foundation

The greatest impetus for the creation of a Foundation arose out of the need for a permanent source of funding to support activities identified in the Puget Sound Water Quality Management Plan. In addition, it was felt that there was a need for one entity to prioritize funding needs and distribute funds accordingly. It was felt that this entity should focus on private sector funding but should also pursue state and federal grants. To this end, the combined committee for a Puget Sound Foundation was established to build on the recommendations of the Puget Sound Finance Committee and hammer out the details of exactly what the Puget Sound Foundation should look like. Reflecting that the Foundation should act to coordinate various efforts and prioritize funding accordingly, the combined Committee for a Puget Sound Foundation was made up of representatives from various advisory groups.<sup>231</sup> In 1989, the combined committee for a Puget Sound Foundation adopted a proposal "to create a nonprofit corporation to ensure long-term coordination and funding of research and educational efforts related to Puget Sound."<sup>232</sup>

#### The Foundation's Purpose

The Puget Sound Foundation is a 501(c)(3) nonprofit organization. The Articles of Incorporation state five purposes for the Foundation.<sup>233</sup> The two primary purposes are as follows:

231 The advisory groups were as follows: the Institutional Issues Subcommittee of the Committee on Research, the Education and Public Involvement Advisory Group, the Monitoring Management Committee and the Puget Sound Finance Committee.

232 Proposed Final of the Puget Sound Water Management Plan, 1991, page 138. This particular section titled Puget Sound Foundation Program. See File: Blue C-50.

233 Puget Sound Foundation Articles of Incorporation. See File: Blue C-50.

To receive, disburse, and administer gifts, grants, endowments, or other funds from any source that support a comprehensive and coordinated program of research and education activities connected with Puget Sound water quality.

To promote the coordination and support of research and education activities and the dissemination of information regarding the Puget Sound ecosystem.

The Board of Directors for the Foundation is tasked with seeking and securing funds from the following potential sources:

1. Private - marketable activities of the Foundation such as education packages

2. Awards from court settlements

3. Donations from individuals, corporations and foundations

4. Federal government grants

5. State government grants - it is proposed that the State make substantial contributions in the initial years

6. Sales - possibly a Puget Sound Decal, numbered prints of artwork, etc.

7. Puget Sound 'affinity' credit card whereby a small percentage of the price of purchases made with the card goes to the Foundation

The Board is also entirely responsible for the distribution of funds from the above noted sources.

Structure of the Foundation

The Puget Sound Finance Committee recommended that the Foundation's Board of Directors have primary responsibility for fundraising. "The Board would be composed of influential individuals from both the public and private sector...and would have a diverse membership capable of maintaining objectivity and the necessary linkages to resource management organizations." 234 Today, fundraising is indeed a primary responsibility of the Board, as well as oversight of all foundation activities. The Board numbers 12 and all except the Director of the Foundation, who sits on the Board Ex-Officio, are appointed by the Governor. There are three councils under the Board's jurisdiction. The Research Council and Education Council provide the Board with specific recommendations for funding within their respective areas of expertise. The Board of Directors "approves or rejects in toto the lists of priority projects presented for funding by the Research and Education Councils." 235 Members of these councils are appointed by the Board of Directors. The Research Council is composed of 12 scientists familiar with Puget Sound water quality issues and the Bylaws state that up to one third may be drawn from outside the Puget Sound geographical area. The Education Council also composed of 12 members. In general the Education Council "includes representatives from educational nonprofit organizations, local government, tribes, labor, business and industry." 236 There is also a Management Council, to provide coordination and communication between the Foundation and resource managers. It is made up of representatives of state and federal agencies and tribal and local governments which either manage programs that fund Puget Sound research and education or which have responsibility for managing Puget Sound water quality of natural resources. "The primary function of this Council is to produce an annual assessment of research and educational needs from the perspective of its membership, and to coordinate the activities of

234 Report of the Puget Sound Finance Committee, page 34. See File: Blue C-10.

235 Bylaws of the Puget Sound Foundation, page 1. See File: Blue C-50

236 Bylaws, page 6.

the research and education councils in light of this assessment."237 Representatives of industry, citizen groups, etc. which use results of the education or research councils may be non-voting members of the councils. So that coordination may be even further enhanced between interested parties, it is mandated that the Foundation host an annual conference known as the Puget Sound Summit. The conference assembles representatives of state and federal agencies, local and tribal governments, the public, and private business. These conferences shall be devoted to such goals as planning the Foundation's annual programs, improving our understanding of the obstacles to plan implementation, enhancing cooperation, and expediting the Puget Sound Cleanup."238

237 Water Quality Management Plan, page 140. See File: Blue C- 50.  
 238 Water Quality Management Plan, page 141. See File: Blue C- 50.

## St. Croix River

### Overview

The St. Croix River serves as the border between the U.S. state of Maine and the Canadian province of New Brunswick (See Figure 5 - following page). The entire waterway system, including a large watershed, is inextricably linked to the culture and economic vitality of the region. Recognizing this, the governments of Maine and New Brunswick signed a Memorandum of Understanding creating the St. Croix International Waterway Commission in 1986. 239

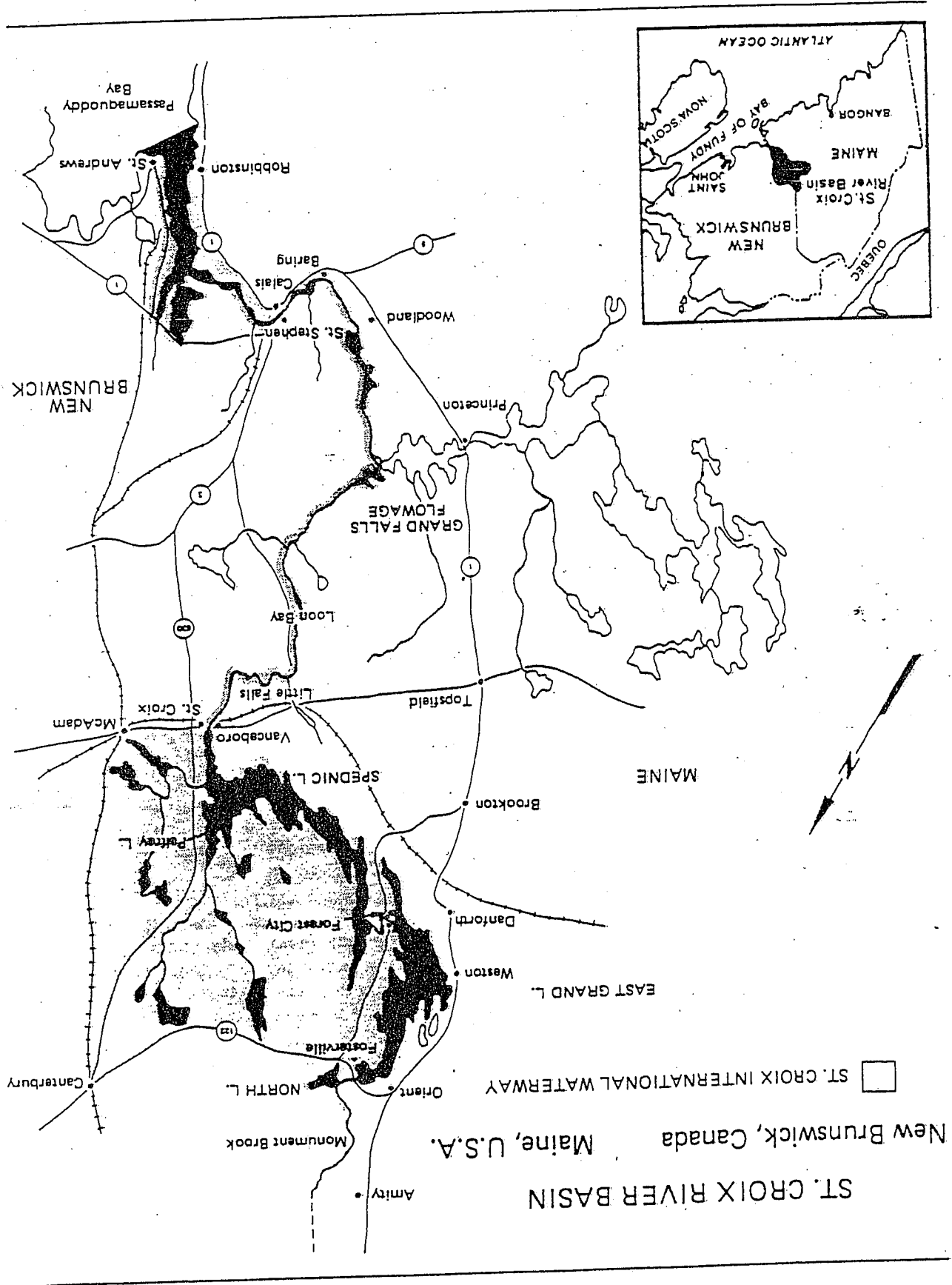
Though this waterbody is minute compared to the Gulf of Maine, the Commission serves as an excellent example of international cooperation for the purposes of protecting the vitality of a water body, in the interests of both Americans and Canadians. Furthermore, it is an agreement between a U.S. state and a Canadian province; the federal governments are not directly involved. The mission statement for the Commission is as follows: "To ensure cooperative, comprehensive management of the St. Croix International Waterway, its natural, historical and recreational resources to provide maximum longterm benefits - in environmental, cultural and economic terms - to the people who live in or visit the St. Croix region." 240

Creation of the Commission  
The following is a brief description of the steps which resulted in the creation of the Commission.

239 See File Blue E-10: Memorandum of Understanding Between the State of Maine and the Province of New Brunswick of Canada Regarding the St. Croix International Waterway.

240 See File Blue E-5: St. Croix International Waterway Commission Annual Report, 1988-89, page 5.

Figure 5





241 -----  
 Lee Sochasky is currently the Executive Director of the St. Croix Waterway Commission. For notes of a conversation with Lee Sochasky, in which many aspects of the Commission are discussed, see file: Blue E-5.

1. The Premier of New Brunswick and the Governor of Maine agreed generally that the establishment of such a commission was a worthwhile endeavour.
  2. New Brunswick and Maine created a Joint Advisory Commission to identify needs for future St. Croix Waterway Plan in 1986.
  3. The Maine Department of Conservation collaborated with New Brunswick's Department of Tourism, Recreation and Heritage to draft a Memorandum of Understanding which the Governor and Premier actually signed in 1986.
  4. The Memorandum of Understanding was used as the basis for enabling legislation which was subsequently introduced into the respective legislatures of Maine and New Brunswick, in 1987, calling for creation of the Commission. The Memorandum provides that Maine and New Brunswick will contribute equally to the funding of the Commission.
  5. Commission members were appointed and met for the first time in November, 1988. They set for themselves the task of developing a Waterway Management Plan.
  6. The Commission published a brochure entitled Future Plan: A Call For Action. All those perceived to have an interest in the waterway (landowners, government agencies, industry, etc.) were contacted. Eleven management priorities emerged from the planning process.
  7. The Commission, in concert with existing departments and governmental agencies in both Maine and New Brunswick, is proceeding with implementation of the plan.
- intergovernmental working groups have been established for Natural Resources, Recreation, Non-Recreation, and Land and Water Management. 241

Structure

The commission is made up of eight members, four appointed by the Governor of Maine and four appointed by the Premier of New Brunswick. The members serve for staggered two year terms and are eligible for re-appointment. It is also provided that representatives from the federal governments of the United States and Canada are invited to Commission proceedings, but cannot vote. These observers are invited; one each by the Governor of Maine and the Premier of New Brunswick.

All Commission decisions are to be reached by consensus. "When failing to reach consensus the Commission shall refer the issue for resolution to both the Governor of the State of Maine and the Premier of the Province of New Brunswick for their joint consideration." The Commission elects two co-chairpersons from among its membership, one of Canadian nationality and one of U.S. nationality.

The Commission appoints an Executive Director to serve as principal staff to the Commission. Maine and New Brunswick each designate a staff person from within each of their respective governments who serves as "principal liaison and facilitator for requests made by the Executive Director in the conduct of the planning and management efforts...."

The Commission is required to meet at least twice annually and submit annual reports to the Governor and the Premier. Commission members are not paid for their services. 242

Funding

The St. Croix International Waterway Commission is funded primarily by the governments of Maine and New Brunswick. Basically the Commission develops an annual budget and requests exactly half of their required operating expenses from each Legislature. For start-up, each government contributed roughly \$45,000 (American). However, the Commission is not precluded from receiving funds from either federal government or from a whole variety of private sources. The Commission has applied for nonprofit status with both

242 This entire discussion on structure has been derived from information found in the Memorandum of Understanding. See File: Blue B-10.

243 For a more detailed discussion of both U.S. and Canadian tax law with regard to charitable giving, see Chapter 4 of this report.

Revenue Canada and the Internal Revenue Service. Revenue Canada has approved the Commission as a charitable organization whereby donations to the organization can result in income tax relief for the donor. Although the I.R.S. has indicated that recognition as a charitable organization is entirely appropriate, formal recognition has not yet come forth. In effect, the Commission has established a charitable organization on each side of the border. Consequently, private donors in Canada and the U.S. may contribute to the Commission and be eligible for tax relief in their respective countries subject to their respective tax laws. Likewise, the Commission does not pay income taxes in either country.<sup>243</sup>

## The Gulf of Mexico

### Introduction

The Gulf of Mexico Program was initiated by EPA Region 4 and is now administered in cooperation with EPA Region 6. The effort doesn't involve Mexico in any formal way, even though Mexico has just about as much shoreline along the Gulf as the U.S. The Program is funded almost entirely by EPA. 244 Private funding for the Gulf of Mexico Program is next to nil. However, the Gulf of Mexico Program is an impressive effort and there is a lot to be learned by looking at aspects of the program other than funding.

### Overview

It's no wonder that EPA took the initiative to develop the Gulf of Mexico Program. The Gulf of Mexico has a drainage basin which ranges from the Appalachian Mountains to the Rockies, stretching north of the border with Canada. The Gulf of Mexico yields 40% of the nation's domestic fisheries landings and contains roughly one half of the nation's coastal wetlands. 90% of the U.S. population lives in Gulf coastal states. In August of 1986, EPA Region 4 organized a workshop which was attended by a broad spectrum of individuals concerned with marine pollution. EPA Region 4 proposed a Gulf-wide strategy termed "The Gulf Initiative." The purpose of the workshop was to identify critical issues and make recommendations for a program management structure. Out of that workshop was born the Gulf of Mexico Program, "an interagency, inter-disciplinary effort to develop and implement a comprehensive strategy for managing and protecting the resources of the Gulf." 245 It was suggested that

244 FY 88 - \$300,000. FY 89 - \$500,000. FY 90 - \$1,000,000.  
From The Gulf of Mexico Program 5 Year Strategy, page 9. See File: Blue D-20.

245 From Coastal Zone '89 - The Gulf of Mexico Program, page 2438. See File: Blue D-20.

the program utilize management models and experience gained from previous efforts; specifically mentioned, The Great Lakes and Chesapeake Bay. It was thought that there were (and still are) an enormous number of government agencies and departments all working towards environmental protection of the Gulf, but in a fairly uncoordinated way. Consequently, it was agreed that the principal function of the Program should be to coordinate all such efforts in the following way:

1. Provide a mechanism for addressing complex problems in the Gulf of Mexico that cross Federal, state or international jurisdictional lines.

2. Provide better coordination among Federal, state and local programs affecting the Gulf, which will increase the effectiveness and efficiency of the long-term effort to manage and protect the resources of the Gulf.
3. Provide a regional perspective to identify information needs for managing and protecting Gulf resources with subsequent direction to research efforts.

4. Provide a forum for affected user groups, public and private educational institutions, and the general public to participate in the "solution" process.

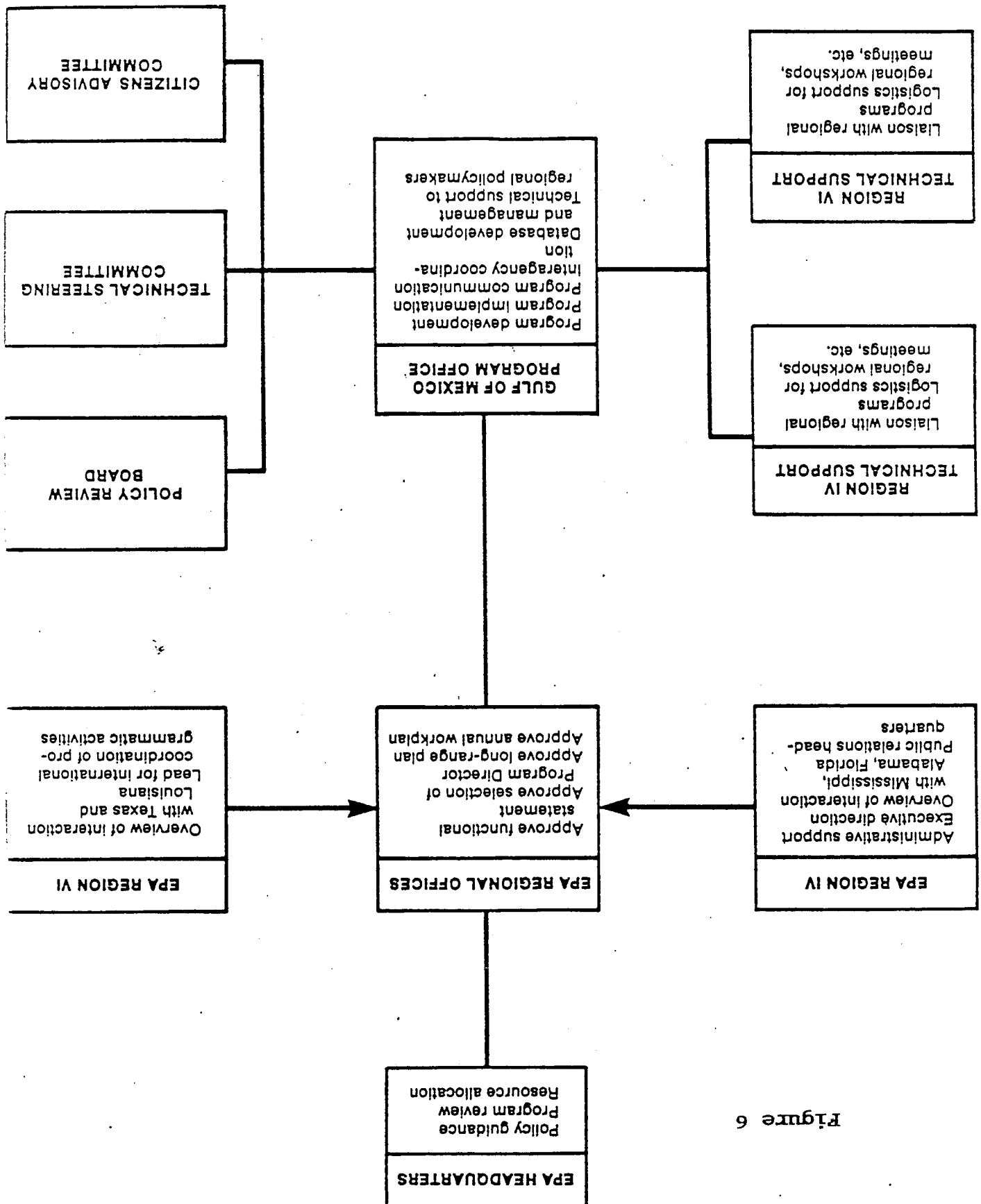
Furthermore, it was recognized that EPA alone could not fund the program forever. The coordination and participation of several agencies and departments was thus seen also as a way to ensure longevity of the program. The following two five-year programmatic goals were identified:

1. Establish an effective infrastructure for resolving complex environmental problems associated with man's use of the Gulf of Mexico.
2. Establish a framework-for-action for implementing management options for pollution controls, for remedial and restoration measures for environmental losses, and for research direction and environmental monitoring protocol.

During the first year, efforts were focused on forming an infrastructure and informing participants about potential roles and responsibilities. A Gulf of Mexico Program Office was established<sup>246</sup> and Dr. Douglas Lipka was selected as director. Three principal committees were established: The Policy Review Board, The Technical Steering Committee and The Citizens Advisory Committee. Figure 6 on the following page shows the relationship of the program to these three committees and to the EPA Regional Offices. (In file Blue D-20 there can be found a detailed account of the Gulf of Mexico's five year strategy.)

246  
Gulf of Mexico Program Office  
John Stennis Space Center  
SSC, MS 39529  
(601) 688-3726

Figure 6



# Gulf of Mexico Program Elements Roles and Functions

## Chapter 5 Recommendations

Rather than recommend immediate courses of action, as in the case of the recommendations in chapters 3 and 4, this list of recommendations is sort of a list of 'recommended reading.' These are the best examples that have been uncovered in the course of the research and which should be considered as models for the Gulf of Maine Program. The Directory of Files, Appendix B, will aid one in locating information on any of the below mentioned items.

1. The example of the Great Lakes Protection Fund demonstrates the advantages of establishing a large endowment fund to be used for environmental protection. The establishment of an endowment fund should be thought of as 'on the horizon' for the Gulf of Maine Program. As such, the program should posture itself at the outset to be eligible to receive funds as the third party recipient in a legal settlement, this being the way that many endowment funds have been initiated.

2. 1987 Chesapeake Bay Agreement acts as the 'blue print' in that region for all efforts aimed at protecting the environmental integrity of the Bay. The Agreement describes specific tasks to be accomplished on a specific timetable. In the future, the states and provinces should develop and agree to implement an inter-regional agreement of like specificity.

3. The Puget Sound Foundation is an outstanding example of an organization designed to raise and distribute funds from both the public and private sectors. Such an organization, as recommended in chapter 6, should be established for the Gulf of Maine Program. In designing such an organization, the Report of the Puget Sound Finance Committee and the Puget Sound Foundation Articles of Incorporation should be consulted.



4. The international joint commission is quite active in the Great Lakes region, facilitating coordination between the United States and Canada. The I.J.C. should be formally approached to explore how they might be of assistance to the Gulf of Maine Program.
5. The Alliance for the Chesapeake is a private nonprofit which contracts with the R.P.A. to implement the public education components of the Chesapeake Bay Program. The Alliance's success in involving the public in the Chesapeake Bay Program is exemplary. As such, working with a similar organization, or creating one, should be considered in the future.

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## Recommendations

### Chapter 6

There are recommendations made at the end of the three substantive chapters, 3, 4, and 5. Those recommendations are more specific than the ones listed here.

Below are the most important recommendations, drawn from the entire research effort. They are organized programatically, not chronologically, and they are interrelated. The first three recommendations are priority. In order to accomplish these, the fourth recommendation is that a staff person be hired. Five and six are recommendations for certain things to be further examined.

1. A comprehensive fundraising strategy should be developed which, over time, incorporates the solicitation of funds from foundations, corporations, and individuals (recommendation 1, page 44).

2. A 5-year financial plan should be developed and adopted by the Council (recommendation 2, page 44). Most notably, the plan should:

A. Estimate the costs of priority Gulf of Maine Program activities and identify the most appropriate funding sources for these activities.

B. Serve as a schedule of implementation and a projection of revenues and expenditures for each of the next 5 years.

3. There should be two new entities established, one in Canada and one in the U.S., though they should be presented to the public as a single entity.<sup>247</sup>

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247 The primary reason for two entities instead of one is because of the tax laws of each country in regard to the deductability of charitable donations. See recommendation 1, page 63.

- A. The entity (entities) should be established for the following purposes:
- To raise and distribute funds from both private and public sources in accordance with the Council's 5-year financial plan.
  - To act as a clearing house for funding information in regard to Gulf of Maine Program activities.
- B. The entity (entities) should be governed by a Board of Directors with the following characteristics (recommendation 3, page 45).
- Board Members appointed by the Council.
  - Board numbers over 20 with smaller, action-oriented committees.
  - Board hires the entity's Executive Director who in turn hires other staff as required.
- C. The entities should be established by agreement between the Governors and Premiers, by June, 1992, subject to review of certain legal questions raised in recommendation number 4, on page 63.
4. In their 1991-92 budget, the Council should provide funds for a staff position. This individual should:
- A. Develop a preliminary fundraising strategy (recommendation 1, page 44) and begin implementation of the strategy as soon as possible.
  - B. Begin development of the 5-year financial plan.
  - C. Pursue the creation of the new entity (recommended above) by:
    - 1. Coordinating the legal research effort as described in Chapter 4, recommendation 4 (page 63).
    - 2. Continuing to assess organizational options for the entity.
  - D. Research the following:
    - 1. The availability of non-government support in Canada (recommendation 5, page 46).
    - 2. The options and consequences of expanded government support (recommendation 5, below).
  - E. Other tasks as mandated by the Council.

5. The Council should explore the options and consequences of expanded government support for the program.
6. The Finance Network should look at those examples highlighted in the recommendations section of Chapter 5 (124).

Most Promising Foundations

Appendix A

This Appendix lists and briefly describes some of those American foundations which appear to be most promising for the Gulf of Maine Program. The Chapter 3 Sub-section entitled Foundations To Pursue outlines in greater detail the procedure that was used in determining the appropriateness of these foundations. There follows a brief overview of the selection process.

An initial list was compiled of 40 potential foundations. 248 Subsequently, the list was narrowed to 23. 249 Each of these 23 foundations were requested to send information about their funding interests and their grant application procedures. 250 They all complied and there has been established a file for each foundation containing what they sent. 251

Based on the information received from the 23 foundations, they were then arranged into three categories: Excellent prospects, good prospects, and possible prospects. There follows a list of the foundations in each category. The five Excellent prospects are then each briefly discussed. For ease of comparison, discussion of each foundation in the excellent category is done in the following format: Basics, Stated Nature of Giving, Noteworthy Grants Awarded, Emerging Areas of Interest, How To Apply, and

248 -----  
This list was compiled looking solely at the grant making history of all foundations in America. Those foundations which have typically given to projects concerned with either environmental protection or international cooperation were flagged as promising.

249 This narrowing was done by looking at the profiles of the foundations as reported in The Foundation Directory. Almost half of the 40 were eliminated from consideration at this stage due to geographic or other limitations on their grantmaking.

250 For a copy of the letter set to these foundations, see File: Yellow B-10. This file also contains profiles of those

foundations in the list of 40 which were not written to.

251 The files are all noted in Appendix B: Directory of files. They are numbered Yellow B-110 - Yellow B-330.

Characteristics Most Relevant to the Gulf of Maine Program.



## Most Promising Foundations

### By Category

#### Excellent Prospects

W. Alton Jones Foundation, Inc. (File: Yellow B-210)  
 The Pew Charitable Trusts (File: Yellow B-240)  
 The William H. Donner Foundation, Inc. (File: Yellow B-160)  
 Jessie B. Cox Charitable Trusts (File: Yellow B-180)  
 Public Welfare Foundation, Inc. (File: Yellow B-300)

#### Good Prospects

Joyce Mertz-Gillmore Foundation (File: Yellow B-190)  
 John D. and Catherine T. MacArthur Foundation (File: Yellow B-110)  
 Charles Stewart Mott Foundation (File: Yellow B-120)  
 The Educational Foundation of America (File: Yellow B-170)  
 The Andrew W. Mellon Foundation (File: Yellow B-200)  
 The William Bingham Foundation (File: Yellow B-310)  
 The Prospect Hill Foundation (File: Yellow B-230)  
 The Harder Foundation (File: Yellow B-250)  
 Mary Flagler Cary Trust (File: Yellow B-290) 252

#### Possible Prospects

Rockefeller Brothers Fund (File: Yellow B-320)  
 Jessie Smith Noyes Foundation, Inc. (File: Yellow B-280)  
 Wallace Genetic Foundation (File: Yellow B-260)  
 Carnegie Corporation of New York (File: Yellow B-340)  
 W.K. Kellogg Foundation (File: Yellow B-330)  
 Richard King Mellon Foundation (File: Yellow B-150)  
 Ford Foundation (File: Yellow B-270)  
 The George F. Baker Trust (File: Yellow B-130)  
 The New Hampshire Charitable Fund (File: Yellow B-220)  
 The Joyce Foundation (File: Yellow B-140)

252 This one did not surface in my research but was brought to my attention by someone at the Maine State Planning Office. Based on their annual report I decided that indeed, they should be included. Although their annual report is on file, I never sent them a letter.

## Public Welfare Foundation

### Basics

Located in Washington, D.C.

Assets: \$224,480,000

Grants awarded last year: \$10,543,100

Average grant: \$34,000

### Stated Nature of Giving

They sent only a fairly brief brochure. However, it points

out that they give in five areas: Environment, Population,

criminal justice, disadvantaged youth and the elderly. In regard

to environmental giving, they state, "Attention in this area

focuses on problems that pose a threat to human health and safety,

particularly in disadvantaged communities." Among their interests,

"efforts to assist national environmental organizations improve

their technical assistance to local groups," is of particular

note. Under the heading, "Policy Statement," the brochure states

that "Funding is not designated geographically, but

programmatically, where opportunities exist for solving human

problems." Furthermore, "The Foundation is willing to allocate

seed money and to take a reasonable risk to help organizations

with little more than a sound idea and commitment to it."

### Noteworthy Grants Awarded

They provided no information in this regard. However, from

the index, Grants For Environmental Protection and Animal Welfare,

published by The Foundation center, it was ascertained that they

did recently fund an effort to clean up Lake Ontario.

### Emerging Areas of Interest

Impossible to ascertain from what they sent.

### How To Apply

The brochure has a section entitled Applications For Grants

and another section entitled Proposal Outline.

Characteristics Most Relevant to the Gulf of Maine Program  
This foundation is rare in that they explicitly state that they are willing to give seed money and take a risk. This is most promising combined with their interest in funding large environmental organizations with a desire to work with local groups. This foundation should be approached sooner rather than later.

For more information, see file: Yellow B-300.

## Jessie B. Cox Charitable Trust

### Basics

Located in Boston, Massachusetts

Assets: \$50,000,000

Grants awarded last year: \$3,059,230

Average environmental grant: \$41,267.

### Stated Nature of Giving

The trust is primarily concerned with giving in New England.

They give in three areas, Health, Education and the Environment.

With regard to environmental giving, they list 4 concerns, one of which is "cooperation among organizations and communities

throughout New England in addressing mutual environmental

concerns. Overall, "the guidelines suggest, "the Trustees endeavor

to make grants which will have a substantial, widespread impact on

the development and implementation of projects where adequate

funding from other sources cannot be obtained."

### Noteworthy Grants Awarded

The 1989 Annual Report notes that in the area of the

environment the trust gave 21 grants totalling \$866,608.

Environmental type grants were awarded to, most notably, The

Laudholm Trust in Wells, Maine (virtually their largest grant),

Maine Coast Heritage Trust, the Mainewatch Institute, Inc., Woods

Hole Oceanographic Institute, The Lake Champlain Committee, Inc.,

The St. John Aroostook Resource Conservation & Development

Project, and The Chesapeake Bay Foundation.

### Emerging Areas of Interest

cannot be ascertained from the information they provided.

### How To Apply

They sent their 1989 Annual Report and a separate document, guidelines and policies. These clearly outline their application procedures.

Characteristics Most Relevant to the Gulf of Maine Program  
The combination of their interest in New England,  
environmental projects, and regional cooperation is clearly very  
promising. There are several recent grants which should be looked  
into for the development of contacts: Landholm Trust, Maine Coast  
Heritage Trust, Mainewatch, and the Woods Hole Oceanographic  
Institute.

For more information, see file: Yellow B-180.

## William H. Donner Foundation

### Basics

Located in New York, New York  
Assets: \$47,000,000  
Grants awarded last year: \$1,779,124  
Average grant: \$50,000

### Stated Nature of Giving

Historically, the primary thrust of giving has been in the area of U.S.-Canadian relations. Their most recent Annual Report states, "In U.S.-Canadian relations the Foundation's principle interest remains."

### Noteworthy Grants Awarded

A review of grants awarded reveals that in 1989 they gave grants for quite a few environmental type projects; most notably, \$150,000 to the North American Waterfowl Management Plan administered by the National Fish and Wildlife Foundation. This is "a cooperative U.S.-Canadian strategy for improving waterfowl populations by preserving wetlands." They also gave in 1989 to the Environmental Defense Fund and they gave to the Foundation for Research on Economics and the Environment to support a conference on "Environmental and Science Policy in the U.S. and Canada: A comparison." Also noteworthy is a grant to the University of Maine "To help establish the Canadian-American Center's prominence in natural resources management and trade."

### Emerging Areas of Interest

Their Annual Report states that they will pursue giving in three areas: U.S.-Canadian Relations, Education, and the Development of Human Capital. In the area of U.S.-Canadian relations, the Annual Report points out that of particular increasing interest in this area is "Comparative Social Policy in the United States and Canada."

How To Apply

The Annual Report devotes a fair amount of space to Grantmaking Policies, with the following sub-titles: Eligible Applicants, Application Guidelines, Form of the Proposal, Accompanying Documents, Schedule for Grant Applications, etc.

Characteristics Most Relevant to the Gulf of Maine Program

The Foundation's interest in U.S.-Canadian relations, combined with their recent history of giving to environmental type causes, is most promising. The Grant which they awarded to the University of Maine should be looked into closely for it is likely that a valuable contact will emerge.

For more information, see file: Yellow B-160.

## W. Alton Jones Foundation

### Basics

Located in Charlottesville, Virginia

Assets: \$171,469,847

Grants awarded last year: \$10,508,233

Average grant: \$5,000 - \$100,000

### Stated Nature of Giving

Giving is limited to two subject areas: 1. Environmental protection, with emphasis on conservation of biological diversity worldwide and protection of land, air, and water from pollution and toxic contamination. 2. Prevention of nuclear war. The letter they provided states: "In both these areas our primary focus is on programs that emphasize specific steps leading towards policy change."

### Noteworthy Grants Awarded

Their 1988 annual report (no current reports are available - this one obtained elsewhere) shows all the projects they funded in 1988. Of particular interest: Woods Hole Research Center, Conservation Law Foundation of New England, Great Lakes United, Oceanic Society, and The Natural Resources Council of Maine. They have funded many, many environmental type projects.

### Emerging Areas of Interest

Cannot say without a current Annual Report (their supply exhausted).

### How To Apply

Their report gives no guidelines for application but the letter they sent gives mention of how we should proceed.

Characteristics Most Relevant to the Gulf of Maine Program  
Their grant to the Natural Resources Council of Maine should be further looked into. There is a good chance that someone at the



Natural Resources Council is quite familiar with someone at the W. Alton Jones foundation and there is perhaps a valuable connection here. They have a strong commitment to environmental protection causes.

For more information, see file: Yellow B-210.

## The Pew Charitable Trusts

### Basics

Located in Philadelphia, Pennsylvania

Assets: \$2,519,746,836

Grants awarded last year: \$135,906,632

Average grant: High - \$3,000,000 Low - \$2,500

### Stated Nature of Giving

They have six distinct areas of giving: Conservation and the Environment, Culture, Education, Health and Human Services, Public Policy and Religion. In 1989, conservation and the Environment

received 4.7% of their giving - 42 grants, \$6,827,000. The Executive Director's Message in the Annual Report speaks of how

the trusts have been substantially reorganized recently. One gets the impression that the six program areas are very distinct. Their

profile in The Foundation Directory indicates that they are willing to give seed money.

### Noteworthy Grants Awarded

They provided two publications: The Annual Report is about 100 pages in length and, among many other things, lists all grants awarded in 1989. It is perhaps the best annual report received.

The other publication is entitled Guidelines.

Most of their grants are to fairly large organizations with broad focuses. Examples include: The Nature Conservancy, World Wildlife Fund, The Keystone Center, and the National Fish and Wildlife Foundation. Of particular note is a \$100,000 grant to the Chesapeake Bay Foundation.

### Emerging Areas of Interest

The guidelines publication is 20 pages long and clearly states what the foundation is looking to fund in each area.

The Program Director for conservation and the Environment speaks of focusing on "advancing the professional and

informational needs of the field, and promoting more cross-disciplinary, comprehensive approaches to the preservation and rational development of the world's finite resources." Giving in

this area is divided into two sectors: Leadership Development, Education and Training; and Critical Research Issues. The goals of Critical Research Issues giving are very much in line with the goals of the Gulf of Maine Program.

Although never explicitly stated, one gets the impression that Conservation and Environment is of increasing importance to the Directors (for instance, it's always listed first).

How To Apply

At the end of the guidelines publication there is a detailed explanation of how to apply: what steps, what is required, etc.

Characteristics Most Relevant to the Gulf of Maine Program

They've stated quite explicitly that they want to promote "crossdisciplinary, comprehensive approaches...to preservation...of the world's finite resources." They're recent giving demonstrates a commitment to this. It is this particular attribute which should be played upon when soliciting them. This foundation awarded far and away more money last year than the other four foundations in the Excellent Prospects category, combined.

For more information, see file: Yellow B-240.

Directory of Files

Appendix B

# Referencing System

Green	Miscellaneous	A Gulf of Maine Program	B Structure	C Miscellaneous - all encompassing
Yellow	Private Giving	A Foundations - How to solicit funds	B Foundations - Actual foundations	C Corporate giving
		D Individual giving	E Miscellaneous	
Orange	Taxing issues both in U.S. and Canada	A United States	B Canada	
Blue	Other relevant efforts in North America	A The Great Lakes	B Chesapeake Bay	C Puget Sound
		D Gulf of Mexico	E St. Croix River	F N.W. Pollution Prevention Center
Purple	Public sources of funding	A Taxes and fees	B E.P.A.	C Legal settlements
		D Other		
Black	Writings on international cooperation	A Marine Law Institute	B United Nations	C Miscellaneous

NOTE: Each file has been assigned a color, a letter and number. Colors and letters signify the nature of the file's contents, as shown above. The numbers are arbitrary. Those files which contain information which is pertinent to more than one category are listed in each appropriate category, with an explanation as to where the file is actually to be found.

Green A - Miscellaneous - Gulf of Maine Program

Green A-1: Funding the Gulf of Maine  
-Report prepared by Craig Freshley of which this directory of files is an appendix.

Green A-10: Gulf of Maine Council on the Marine Environment  
-Operating Guidelines

Green A-20: Gulf of Maine Action Plan  
-This is the comprehensive Action Plan - Introduction and Five categories. Also, a list of Council members and Working Group members

Green A-30: Gulf of Maine Finance Network  
-Gulf Finance Task Force - Proposed Mandate, schedule and budget

-Schematic diagram showing Finance Task Force in relation to the  
-Proposal to create a Finance Task Force from Dave Keeley to Working Group

-Proposed list of Finance Network members as of January 4, 1991.

Green A-40: Gulf of Maine Spending and Achievements  
-All contributions to the Gulf of Maine Program so far listed -  
-Amounts and who contributed by. Also, products of the Gulf of Maine Program. Also, major accomplishments of the Working Group.

Green A-50: Gulf of Maine Economic Growth Trends  
-Economic growth trends on the Gulf of Maine, prepared by Charles S. Colgan (Professor of Public Policy and Management at the Muskie Institute of Public Affairs) for Maine Business Indicators, a publication of the University of Southern Maine. This 3 page piece gives a nice overview of growth trends throughout the Gulf region. Of particular interest, he notes populations and employment data for the states and provinces which border the Gulf, over time.

Green A-60: Gulf of Maine Brochures  
-The Gulf of Maine - Sustaining Our Common Heritage. This is the Executive Summary of the Report found in file Green A-65. Nice satellite photo on the front and good map on the back.  
-Our Fragile Gulf - reprint of an article from the Spring, 1990 issue of Maine boats and Harbors.

-Gulf of Maine small brochure. This nicely prepared pull out brochure is designed to appeal to those who know nothing about the Program.  
Explains the Program and gives an address to write for further info.

-Turning the Tide - Summer, 1990 issue of the Gulf of Maine newsletter.

Green A-65: Sustaining Our Common Heritage  
-This report was prepared by the Gulf of Maine Working Group designed to demonstrate the extent to which the Gulf of Maine supports diverse and sometimes conflicting uses and consequently requires improved environmental management. Includes glossary and list of suggested readings. 60 pages.

Green A-70: Gulf of Maine - Conference Proceedings  
-The published proceedings of a conference entitled The Gulf of Maine: Sustaining Our Common Heritage held in Portland in December, 1989. This publication includes many observations about the Gulf of Maine from scientists, economists, politicians, educators, etc. Sections include: The Gulf Report: Pressure on the Ecosystem; Priority Issues Confronting the Gulf of Maine; Geographic Information Systems in the Marine Environment; Summaries of Conference Work Sessions; and a list of all conference participants with contact information. 260 pages.

Green B-100 FILED AS Blue A-450: Protection Fund Structure  
Nina McLachorn, Great Lakes Protection Fund Project Director consulted with several organizational theorists about the potential structure of the Protection Fund. In this file:  
-Letter from Nina to three such theorists asking specific questions in follow up to earlier discussions.  
-Answer from Energy Resources International, Inc. A good one to read. Good suggestions.  
-Answer from Workshop in Political Theory and Practice. Speaks specifically about Board of Directors. Includes extensive info on the Hudson River Foundation.  
-Answer from the Conservation Foundation. Quite brief.

Green B-150 FILED AS Yellow E-20: The Role of The Board -

Conversations

-Rand Erb, Director of Development at Maine Maritime Academy. Phone conversation notes. Rand makes a few good points about what kind of

people should be on the Board of Directors.  
-Mort Mather, President, Landholm Trust. Phone conversation notes. Mort makes many good observations about soliciting donations. Trustees must have a personal stake, etc.  
-Mort's Matrix: this is a rough copy of a system Mort uses to ensure a well rounded Board of Trustees. Actual characteristics of trustees are on one axis - characteristics which the board needs are on the other.

Green C-50: Coastlinks  
-Coastlinks, A Resource Guide to Maine's Marine-Related Organizations.

organizations are divided into categories. Each organization is briefly described - addresses and contacts given. Also some good organizational charts: Maine State Planning Office, Maine Department of Conservation, Maine Department of Economic and Community Development, Maine Department of Environmental Protection, Maine Department of Fisheries and Wildlife, Maine Department of Marine Resources. There is also a good glossary of acronyms as well as several useful appendices.

Green C-70: National Estuary Program. A 2 page primer. Talks about the different committees within the estuary programs and the comprehensive conservation and management plan

National Estuary Program - Names, addresses and phone numbers of people throughout the U.S. involved with the program. 12 pages.

Green C-100: Turning The Tide: Legislative Remedies for Troubled Waters

-These are the proceedings of a conference held in December 1989 in Seattle. Presentations were made from around the country, all dealing with estuary protection efforts. Chapters relevant to this inquiry include:

- The Chesapeake Bay
- The Great Lakes
- Puget Sound
- Creative Funding Approaches
- Building Constituencies
- The Role of Local Government
- Gaining Legislative Support

Green C-130: Marine Science Funding Guide published in 1990 by Woods Hole Oceanographic Institute. 160 page directory of funding sources for marine science type projects - foundations, government entities, corporations, etc. Sources listed alphabetically but the guide also includes indices which list funding sources by 'type of support' and by geographic location.

Green C-150: Peter Underwood  
-Conversation notes. Peter is the Director of Policy and Planning for the Nova Scotia Department of the Environment and is a member of the Gulf of Maine Working Group. I placed this file here only because our conversation touched on many different subjects: International settlement, and private giving in Canada (some contacts)  
efforts, the U.N., endowment fund, funds as a result of a legal



## Yellow A - Private Giving - Foundations - How To Solicit

Yellow A-10: Foundation Grants - Application Steps  
-Section entitled Foundation Grants from the book entitled Nonprofit Organization Handbook, by Patricia and Daniel Gaby. As well as providing a nice list of foundation research resources, this piece takes you through the steps you might follow once you've decided which foundation(s) to go after: the letter, the phone call, the meeting, the proposal. There is a good SAMPLE PROPOSAL.

Yellow A-20: How To Solicit Foundations  
-Janet Brysh, Librarian for Foundations Research Center at U.S.M.  
-Conversation notes. Lots of good tips here.  
-Funding Priorities - a rough list for GOM.  
-Board Member Self Evaluation - Fund-Raising Checklist - 1 page  
-How To Develop a Board of Directors - 1 page checklist  
-Determine Your Fundraising IQ - 1 page  
-Self Examination - 1 page checklist  
-Suggested grant Request outline  
-Steps suggested for a Feasability Study - determines preparedness for approaching funding sources

Yellow A-30: Fundraising Class Notes  
-Handwritten notes taken by Ellis Schaffler in a class on fundraising. Lots of good tips here. Includes: measures of prospect willingness, different kinds of fundraising, correspondence, cultivation of donors, etc.

Yellow A-35: Publications on Foundation Giving  
-Researching Foundations - National or Regional giving. 1 page - lists many resource guides to foundations and order in which they should be consulted.  
-Publications in the office of Sponsored Research Library at U.S.M., Maine's only depository for the Foundation Center, an organization which produces a whole host of foundation guides. This is a list of those Foundation Center Publications which U.S.M. has.  
-Publications of the Grantsmanship Center - a list and an order form. Many 'how-to' manuals to do with soliciting foundation grants.

Yellow A-40: Grantwriting Conference Application Form  
-Conference to be held April 22-25, 1991 - Lewiston, Maine.

Yellow A-50: Miscellaneous Foundation Notes  
-Taken by Melissa Waterman and Ellis Schaffler from 1988-90. Very miscellaneous notes about foundations which might be appropriate for

Yellow B-10: Foundation Profiles

Brief profiles of potential foundations. For each foundation there is information photocopied from either the Foundation Directory or, if one of the largest 100 foundations in the U.S., from the Foundation Center Sourcebook Profile. In either case, basic info is given: purposes and activities, types of support, limitations, names of officers and contacts, brief application info. The information is highlighted as it pertains to the Gulf of Maine Program. Profiles for those foundations which sent me information are included in the files of those particular foundations - see files B-100 - B-500.

The Foundation Directory - Sample Entry. This is a sample entry from the Foundation Directory annotated with each section of the information explained. This can be used in conjunction with any of profiles described above from the Foundation Directory.

-Sourcebook Profiles - Introduction. This serves as an explanation as to how to read the Sourcebook Profiles, as described above. For any potential foundations which are among the largest 100 U.S. foundations, info is copied from Sourcebook Profiles rather than the Foundation Directory because the info is more extensive.

-Letter which was sent to 23 foundations asking for application information. The addresses of all recipients are attached to the letter.

Yellow A-630 FILED AS Green C-150: Peter Underwood  
-conversation notes. Peter is the Director of Policy and Planning for  
the Nova Scotia Department of the Environment and is in the working  
group. I placed this file here only because our conversation touched  
on many different subjects: International efforts, the U.N., endowment  
fund, funds as a result of a legal settlement, and private giving in  
Canada (some contacts)

Gulf of Maine.

each foundation.  
 -This file also contains some miscellaneous hand written foundation notes. Probably indifferable to anyone but Craig Freshley.

Yellow B-30: Marine Law Institute - Potential Sources of Support  
 -This is a list of foundations (and other sources) which the Marine Law Institute of the University of Southern Maine has deemed to be potential givers for their purposes. Basic info about each foundation is listed in easy to read format. At the end is a list of foundations which have supported the Environmental Law Institute.

Yellow B-40: Canadian Directory to Foundations  
 -1988-89 Directory published by the Canadian Center for Philanthropy. 600 pages - profiles all Canadian foundations. Also lists foundations by area of interest and by geographic area. There is also an index of grant recipients and an index of individuals. Invaluable to researching Canadian foundations.

Yellow B-110: J.D. & C.T. MacArthur Foundation  
 Yellow B-120: Charles Stewart Mott Foundation  
 Yellow B-130: George F. Baker Trust  
 Yellow B-140: The Joyce Foundation  
 Yellow B-150: Richard King Mellon Foundation  
 Yellow B-160: William H. Donner Foundation  
 Yellow B-170: Educational Foundation of America  
 Yellow B-180: Jessie B. Cox Charitable Trust  
 Yellow B-190: Joyce Mertz-Gillmore Foundation  
 Yellow B-200: Andrew W. Mellon Foundation  
 Yellow B-210: W. Alton Jones Foundation  
 Yellow B-220: New Hampshire Charitable Fund  
 Yellow B-230: Prospect Hill Foundation  
 Yellow B-240: Pew Charitable Trusts  
 Yellow B-250: The Harder Foundation

Yellow C-80: Potential corporate donors as compiled by Dave Keeley. This is an informal list of possible corporate donors, as compiled by

Yellow C-40: Corporate giving - Miscellaneous Sources of information on corporate giving & corporate giving tips. From The Foundation Center's User Friendly Guide. Miscellaneous pages copied from the pages of The Corporate Directory

-How To use the Directory  
-Corporate Contribution Trends  
-Glossary

Yellow C-30: National Directory of corporate giving - Photocopied highlights (includes section on grantseeking from corporations)

Yellow C-20: Exploring the Elusive World of Corporate Giving - This is an article reprinted from the July-September 1977 issue of The Grantsmanship Center News. Sections entitled: How It All Started, Three Companies, Researching corporate giving, Approaching corporations, Types of corporate support, corporate philanthropy and the I.R.S., and What's in store. At the end there are lists of organizations, books, pamphlets. Very comprehensive. 22 pages.

## Yellow C - Private Giving - Corporate Giving

Yellow B-1000: Miscellaneous Foundation Reports

Yellow B-340: The Carnegie Corporation of New York

Yellow B-330: The W.K. Kellogg Foundation

Yellow B-320: Rockefeller Brothers Fund

Yellow B-310: The William Bingham Foundation

Yellow B-300: Public Welfare Foundation

Yellow B-290: Mary Flagler Cary Charitable Trust

Yellow B-280: Jessie Smith Noyes Foundation

Yellow B-270: The Ford Foundation

Yellow B-260: Wallace Genetic Foundation

## **Yellow D - Private Giving - Individual Giving**

**Yellow D-10: How To Build Membership**  
-A chapter from the book: Nonprofit Organization Handbook, by Patricia and Daniel Gaby. A fairly comprehensive treatment. Sections include: Face-to Face Recruitment, Organization, Where To Go For Prospects, Campaign Evaluation, Mailings, Treatment of New Members, etc. 30 pages.

**Yellow D-20: Capital Campaigns**  
-2 page flyer published by the Fund Raising Institute, 1990, entitled Eleven Elements of a Successful Campaign. Each element is briefly described.  
-Excerpt from Common Ground, the newsletter of the Conservation Fund. This excerpt highlights results of a survey on individual giving to environmental organizations.

**Yellow D-30: University Giving**  
-From University of Southern Maine, a 2-page appeal to potential donors explaining the gift clubs they have and why you should give. Talks of different ways in which to give, matching grants, etc.

## **Yellow E - Private Giving - Miscellaneous**

**Yellow E-10: Private Sector Funding Strategies**  
-How To Develop an Effective Funding Strategy. Reprinted from issues of the Grantsmanship Center News. This 6-page article makes recommendations for getting off to a good start. Emphasis on board member level of participation.

-How To Effectively Plan Programs - Part II of above. A six-step planning process is described with schematic. 6-pages.  
-How To Develop an Organization by Developing Contacts. Reprinted from issues of the Grantsmanship Center News. Emphasizes importance of board members. Includes "10 rules for meeting influential people." 4 pages.

**Yellow E-20: The Role of The Board - Conversations**  
-Rand Erb, Director of Development at Maine Maritime Academy. Phone conversation notes. Rand makes a few good points about what kind of people should be on the Board of Directors.  
-Mort Mather, President, Laundholm Trust. Phone conversation notes. Mort makes many good observations about soliciting donations. Trustees must have a personal stake, etc.  
-Mort's Matrix: this is a rough copy of a system Mort uses to ensure a

All rounded Board of Trustees. Actual characteristics of trustees are on one axis - characteristics which the board needs are on the other.

ellow E-30: Get Ready Get Set - A Guide to Launching a Nonprofit

This is a good little primer. It includes discussion of planning, structure, legal considerations, the Board of Directors, etc. 30 pages and a bibliography.

ellow E-40: Guide To Fundraising  
A chapter of the book: Nonprofit Organization Handbook, by Patricia and Daniel Gaby. This covers a lot of ground, briefly. Deals with planning an organization, legal aspects of fundraising, some case histories, and, most extensively, Fund-Raising Events: everything from dinners to Art Shows, Selling Services, Speakers, etc. I included the bibliography for this chapter at the end. 50 pages.

## Orange A - Taxing Issues - United States

Orange A-10: I.R.S.

Package 1023, Includes: Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; Instructions for Form 1023; Form 872-C, Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code. Entire booklet is probably about 100 pages. Publication 553, Highlights of 1989 Tax Changes. Contents include a section on Estate and Gift Taxes; not much relevancy to charitable giving. Form 1040 Package. This is the information packet which explains to Americans how to fill out the 1040, the standard personal income tax form. On page 25, Gifts To Charities are addressed. Schedule A to the Form 1040 on which are itemized contributions to charities.

Orange A-20: U.S. - Tax Exemption

Information of a Tax Exempt Organization. Chapter from the book entitled The Bread Game - The Realities of Foundation Fundraising, 1981. 3 pages - the basics. Two chapters from The Nonprofit Organization Handbook by Tracy Connors, (Ed.) 1980. Tax consequences of Nonprofit Organizations is just 3 pages - a brief overview. Securing Tax Exemption for Exempt Organizations (30 pages) uses I.R.S. Form 1023 as a point of departure and gives hands-on advice.

Orange A-30: Legalities of the Nonprofit

Operational and Legal Characteristics of Nonprofit Organizations, a chapter from the book Financial Management in Nonprofit Organizations, by Richard Wacht, 1984. This is an excellent piece. Sections include: Nonprofit Defined, Characteristics of Nonprofits, Goal and Management Structure, and Qualifying for Tax Exempt Status. Highlighted. 22 pages.

Orange A-40: U.S. Tax Conversations

Michael Lang, Professor, University of Maine School of Law. Conversation notes. Very brief. Mention of Section 170 of the Tax Code, Income Deductions. Orlando Delogu, Professor, University of Maine School of Law. Some examples that came to mind he thought might be useful. This is not his specialty, not terribly useful. Barbara Beers, Fundraising, MPBN Radio. Conversation Notes. 40% of MPBN's contributions come from Canada. Discussion of University

Orange A-50 FILED AS Yellow E-30: Get Ready Get Set - A guide to launching a Nonprofit Organization. It includes discussion of planning, structure, legal considerations, the Board of Directors, etc. 30 pages and a bibliography. Section useful to taxation is called Legal process.

Orange A-60 FILED AS Blue A-470: Protection Fund Legal Discussions. Memorandum from law firm RE: Great Lakes Protection Fund Issues. Includes quite a detailed legal discussion of Tax considerations, Form of Agreement, Model Legislation V. Bylaws, organizational options, prerequisites for operation, organizational considerations. 20 pages. Memorandum from a lawyer answering 3 specific questions: 1. Does the governor have authority to enter into such an agreement? 2. Would such an agreement need legislative ratification? 3. Can the state contribute to a 501(c)(3) organization? The 'agreement' in question is the proposed agreement to set up the Protection Fund. Minutes from a meeting between Nina McLachorn and lawyers at which were discussed the following legal issues: Formal Agreement, Timeliness, Dissolution, and Tax Status.

Orange A-70: Deductibility in U.S. - This is a draft of a section prepared for this report - not used. However, this is a good overview of how the U.S. Internal Revenue Code allows Americans to make contributions to charities and consequently receive a tax break in relation to the gift.

Orange A-80: I.R.S. Letter - This is a handwritten letter from an I.R.S. Agent explaining that under no circumstances are donations to foreign entities tax deductible.

## Orange B - Taxing Issues - Canada

Orange B-10: Revenue Canada Charities Information - Registering Your Charity, a brochure published by Revenue Canada. This handy brochure answers the following questions: What is a charity? How to determine your charitable category? How to apply as a charity? Canadian Charities and Canadian Amateur Athletic Associations Application for Registration, 2 copies. The form goes hand in hand with the pamphlet and also shows a 1-800 number for assistance. - A copy of the letter which I sent to Revenue Canada requesting the



Information.

Orange B-20: Faye Woodman

-Notes of a conversation with Faye Woodman, Professor, Dalhousie School of Law, Halifax, Nova Scotia. These notes provided the basis for much of the section in the report on Canadian Tax Laws. She was very helpful - notes are quite extensive and detailed.  
-A letter from Faye Woodman which she sent along with her written comments in regard the draft I sent her on Canadian Tax Laws.  
Letterhead shows all contact information for Faye.

Orange B-30: Deductability in Canada

-Canadian contributions to a Canadian Entity - original draft of a section for this report - not used. However, it is a good overview of the Canadian tax laws explaining how contributions in Canada result in the lowering of income tax paid, for both individuals and corporations. Furthermore, Faye Woodman's (Canadian Law Professor - see above) handwritten comments are abound.  
-Photocopies of the Canadian Tax Act which Faye Woodman sent. They are all sections of the Act which deal with deductability of contributions. Highlighted by Faye.

Line A - Other Efforts - Great Lakes

Line A-10: Outline of the Great Lakes Project prepared by Melissa Waterman, a brief discussion of the IJC, the Great Lakes Commission, The Council of Great Lakes Governors and the Great Lakes. There is also a discussion of the Great Lakes Toxics agreements.

Line A-20 FILED AS Green C-100: Turning The Tide: Legislative Remedies for Troubled Waters  
-These are the proceedings of a conference held in December 1989 in Seattle. Presentations were made from around the country, all dealing with estuary protection efforts. One such presentation gives a good overview of what's going on in the Great Lakes.

Blue A-120: Great Lakes Commission  
-Letter from Mike Donahue, Director  
-Great Lakes Basin Compact, which established the Commission  
-Bylaws of the Great Lakes Commission  
-Commission publications list  
-1990 Commission activities and emerging priorities  
-2 Issues of Advisor, the Commission's monthly newsletter  
-Institutional Arrangements for Great Lakes Management - Table of contents. This was Mike Donahue's PhD dissertation.  
-Mike Donahue, Executive Director - conversation notes.

Blue A-180 FILED AS Purple C-10: Environmental Endowments in the U.S.  
-An Overview  
-Prepared by the Center for the Great Lakes. Looks at Virginia Endowment Fund, The Hudson River Endowment Fund, The California Environmental Trust and the Fund for New England. All but the California Trust were established in the wake of large legal settlements.

Blue A-220: Center for Great Lakes - Protection Fund Proposals  
-Investing in the Great Lakes - A Study and Recommendation for the Establishment of the Great Lakes Protection Fund, Phase II. Aug 88.  
Study done by the Center for the Great Lakes shortly after the Governors had agreed to fund it. Phase I of the study included here as Appendix D. The study gives a brief history, talks briefly about Canadian participation and discusses funding options (this part highlighted).  
-Shaping the Great Lakes Protection Fund - Recommendations for Fundable Action. Oct 89. Speaks more specifically about structure and

management of the fund, fundable activities and priorities  
 -Dan Ray, Head of Research for the Center for the Great Lakes.  
 Conversation Notes. Funding, Canada, referrals.  
 -Peter McAvoy, consultant. Conversation notes. Recommends Ross & Assoc.

Blue A-270: Center for the Great Lakes - Miscellaneous  
 -Factsheet about the Center for Great Lakes  
 -Areas of concern - factsheets about different areas of concern around the Great Lakes  
 -The Great Lakes Reporter - Newsletter - various issues  
 -List of publications available from the center for the Great Lakes

Blue A-320: Great Lake Protection Fund - Articles of Incorporation  
 -Includes the amount of contribution required by each state and also includes the names and addresses of directors.

Blue A-330: Great Lakes Protection Fund - Funding Guidelines  
 -Includes mission statement and funding criteria

Blue A-350: Great Lakes Protection Fund - Miscellaneous  
 -Letter from Judith Stockdale, Executive Director  
 -Factsheet about Protection Fund  
 -Press release announcing first grants  
 -Response to first call for proposals  
 -Names and addresses of Directors and contacts and grant recipients  
 -Letter of congrats from Bill Reilly, Administrator, EPA  
 -two misc. letters.  
 -Judith Stockdale, Executive Director of the Protection Fund - conversation notes.

Blue A-420: Council of Great Lakes Governors - Miscellaneous  
 -Brochure on Council of Great Lakes Governors  
 -Water Diversions and Great Lakes Institutions - looks at institutional arrangements which might be appropriate for Great Lakes environmental protection and recommends the Great Lakes Charter, which was signed and became the fore-runner to the Council of Great Lakes Governors. There is also a good discussion of the Great Lakes Commission.  
 -Shiela Leahy, Deputy Director, Council of Great Lakes Governors. Conversation notes.

Blue A-430: Building an Effective Great Lakes Governors Organization  
 -This is a report prepared by a private consultant exploring the ways in which a council of governors might be formed for the Great Lakes states. 1983. 36 pages.

Blue A-500: Nina McLawhorn suggested to Nina that perhaps the Gulf of Maine Program might want to hire a consultant - someone with expertise similar to her own.

Blue A-470: Protection Fund Legal Discussions  
-Memorandum from law firm RE: Great Lakes Protection Fund Issues. Includes quite a detailed legal discussion of Tax considerations, Form of Agreement, Model Legislation V. Bylaws, organizational options, prerequisites for operation, organizational considerations. 20 pages. -Memorandum from a lawyer answering 3 specific questions: 1. Does the governor have authority to enter into such an agreement? 2. Would such an agreement need legislative ratification? 3. Can the state contribute to a 501(c)(3) organization? The 'agreement' in question is the proposed agreement to set up the Protection Fund. -Minutes from a meeting between Nina McLawhorn and lawyers at which were discussed the following legal issues: Formal Agreement, Timelines, Dissolution, and Tax Status.

Blue A-460: Protection Fund Legal Questions  
-4 sets of very various legal questions to do with the establishment of the Protection Fund. No discernable order to these questions and no answers here (but see file A-470). Some good questions though and well worth a look.

Blue A-450: Protection Fund Structure  
-Nina McLawhorn, Great Lakes Protection Fund Project Director consulted with several organizational theorists about the potential structure of the Protection Fund. In this file:  
-Letter from Nina to three such theorists asking specific questions in follow up to earlier discussions.  
-Answer from Energy Resources International, Inc. A good one to read. Good suggestions.  
-Answer from Workshop in Political Theory and Practice. Speaks specifically about Board of Directors. Includes extensive info on the Hudson River Foundation.  
-Answer from the conservation Foundation. Quite brief.

Blue A-440: Protection Fund Establishment Discussions  
-Nina McLawhorn - conversation notes. Nina was the Project Director for the Protection Fund. She worked for the Council of Great Lakes Governors. She sent many documents concerned with the deliberations leading up to the establishment of the fund.  
-Letter from Nina McLawhorn. Nov 90.  
-Criteria for an Effective Regional Organization - discussion notes.  
-Governance Issues - discussion notes.  
-Model Legislation content - discussion notes.  
-Qualifications for Protection Fund Board members - discussion notes.

This file contains what she sent.  
-Cover letter explaining her vast experience in the development and administration of the Great Lakes Protection Fund. She also alludes to her current projects, as a private consultant; one of which is trying to get the Canadians to participate in the Protection Fund.  
-Resume  
-Business cards

#### Blue B - Other Efforts - Chesapeake Bay

Blue B-10 Outline of the Chesapeake Bay Project  
-Prepared by Melissa Waterman of the Maine State Planning Office. A very brief overview.

#### Blue B-20 1983 Chesapeake Bay Agreement

-A very brief overview of the Agreement  
-The Chesapeake Bay Restoration and Protection Plan, 18 page document mandated by the 1983 Chesapeake Bay Agreement. This is just the Executive Summary and Overview of the Plan. Addresses Nutrients, Toxics, Living Resources, Related Matters, and Management of the plan.

#### Blue B-30 FILED AS Green C-100: Turning The Tide: Legislative Remedies For Troubled Waters

-These are the proceedings of a conference held in December 1989 in Seattle. Presentations were made from around the country, all dealing with estuary protection efforts. One such presentation gives a good overview of recent accomplishments in the Chesapeake Bay area. (page 16)

#### Blue B-40: Alliance For the Chesapeake

-Annual Report, 1989. Overview of organization, mission, etc. The Alliance is private, nonprofit coalition concerned with public education. Report lists contacts, financial summary and members.

-Articles of Incorporation.

-Fran Flanagan, Executive Director - Conversation notes.  
-September-October Issue of Chesapeake, newsletter of Alliance for the Chesapeake.

#### Blue B-50: Chesapeake Bay Commission

-Anne Swanson, Executive Director, Chesapeake Bay Commission - Conversation notes. Discussion includes brief history and a little bit about how the Commission is funded.  
-Chesapeake Bay Commission - brochure. Includes text of the 1980 agreement which created the Commission (enabling legislation). Also gives brief overview of what the Commission does. Also lists current Commission members and staff.

Blue C - Other Efforts - Puget Sound  
 Blue C-10: Funding the Cleanup and Protection of Puget Sound - Report of the Puget Sound Finance Committee  
 -This 100-page document is very useful for our purposes. A finance

Blue B-70: Chesapeake Bay Foundation  
 -What You Can Do To Save The Bay - a brochure published by the Foundation (this is a private, nonprofit foundation).  
 -Chesapeake Bay Foundation 1989 Annual Report  
 -October 1990 issue of CBF News, the quarterly publication of the Foundation.  
 -Rod Coggin, Public Affairs Coordinator, Chesapeake Bay Foundation - conversation notes. Very Brief.

Blue B-60: 1987 Chesapeake Bay Agreement  
 -Full text of the Agreement. Objectives and commitments are organized under 8 goals.  
 -Chesapeake Executive Council - First Progress Report Under 1987 Chesapeake Bay Agreement. This is most useful for its discussion of the Agreement. The text of the Agreement is here, but with margin notes throughout. Also notes Bay Program activities, state and federal activities, etc. 30 pages.  
 -Chesapeake Bay Basinwide Toxics Reduction Strategy. This strategy was mandated by the 1987 Agreement and was adopted by the Commission the Bay! Assessing the Toxics Problem! Water Quality Standards and Living Resources Requirements! Towards a Comprehensive Approach to Toxics Reduction! Implementing the Strategy and Measuring Progress. Lots of lists (50 pages). Names and addresses of all members of all committees and sub-committees in the Chesapeake Bay Program, as mandated by the 1987 Agreement.  
 -Chesapeake Bay Agreement Reports. A list of all reports published that were mandated by the 1987 Agreement. An order form.

Report of the Chesapeake Bay Legislative Advisory Commission. This 980 report, funded by EPA, recommended the establishment of the Chesapeake Bay Commission. 70 pages. Among other things, gives a good history of the region.  
 Chesapeake Bay Commission 1988 & 1989 Annual Report. Page 2 shows a schematic diagram of relationships between all committees. Report focuses on recent activities of the Commission. Some useful appendices. About 75 pages.  
 Chesapeake Bay Program Technical Report Series. This is an order form for any of the reports published by the Commission.

committee undertook to examine 6 alternative ways of funding the project and recommended one. Incorporated into the six alternatives are 20 different potential sources of funding, both public and private. The final recommendation calls for the establishment of a foundation and argues why. Well summarized up front. Highlighted. -The file also contains a one-page summary of the report prepared by Melissa Waterman.

Blue C-50: Puget Sound Foundation  
 Overview of Foundation Program - excerpt from the Puget Sound Water Quality Management Plan. Gives brief history and provides an excellent description of the purposes and functions of the Foundation. Also gives some cost info.  
 -Articles of Incorporation - Puget Sound Foundation.  
 -Bylaws - Puget Sound Foundation.  
 -Tim Ransom of the Puget Sound Water Quality Authority. Conversation notes and letter all re: foundation.

Blue C-70: Puget Sound Miscellaneous  
 -Cost information for each component of the Draft 1991 Puget Sound Water Quality Management Plan. Quite a technical piece - relates to the management plan which we don't have.  
 -Soundwaves (Puget Sound Newsletter) article highlighting public comments about the Draft 1991 Puget Sound Water Quality Management Plan.

#### Blue D - Other Efforts - Gulf of Mexico

Blue D-20: Gulf of Mexico 5-Year Strategy  
 -Five Year Strategy, 1988-1992. Produced by EPA. 25-page strategic plan which moves systematically through goals and objectives. -Abstract - The Gulf of Mexico Program - from Coastal Zone '89. Four EPA types give a brief overview of the plan described above. 8 pages. Bibliography.

Blue D-70: Gulf of Mexico Miscellaneous  
 -The Gulf Initiative - a glossy brochure which speaks in generalities about the Gulf of Mexico. 2 copies  
 -Gulf of Maine Fact Sheet - 2 sided. 2 copies.  
 -Fact Sheet on Marine Debris  
 -Fact Sheet on Nutrient Enrichment  
 -Gulfline - published every three weeks as an information update. Several copies.  
 -Melissa Waterman - miscellaneous notes on Gulf of Mexico

Blue F-10: N.W. Pollution Prevention Research Center - Informational  
 -Northwest Pollution Prevention Research Center - Informational  
 packet. The center is a very newly created public-private partnership  
 "dedicated to the goal of furthering pollution prevention in the  
 Pacific Northwest." This packet gives an overview of the center. The  
 center's charter is included here.  
 -Bill Ross, consultant for the Northwest Pollution Prevention Research  
 Center - conversation notes. Talked about funding (how the Boeing  
 corp. helped them a lot), Canadian participation, Bill Reilly, etc.  
 Bill Ross is former Commissioner of the Alaskan Department of  
 Environmental Conservation. Ross & Associates was instrumental in  
 establishing the center.  
 -Jocelyn Mathiasen, Associate, Ross & Associates - conversation notes.  
 History of the center discussed.  
 -Articles of Incorporation. Includes, among many other things, names  
 and addresses of Directors.  
 -Bylaws. Quite comprehensive. Categories include: Offices, Membership,  
 Board of Directors, Officers, Executive Director, Administrative and  
 Financial provisions, Amendments.

# Blue F - Other Efforts - N.W. Pollution Prevention Research Center

Blue E-5: St. Croix Waterway Commission Annual Report and conversation  
 notes  
 -Annual Report, 89-90. Officers & contacts. Brief history of  
 commission. Mission & priority statements. No financials.  
 -Lee Sochasky, Director. Notes from two conversations.  
 Blue E-10: St. Croix Waterway Commission Memorandum of Understanding  
 Between Maine and New Brunswick  
 -This memorandum of understanding is almost identical to the  
 legislation passed in both New Brunswick and Maine allowing for the  
 creation of the Commission. Sections include: Findings, Purpose,  
 Membership and Organization, Authorities, Powers, Commission operating  
 procedures, etc. Parts of this could be a good model for Gulf of  
 Maine.

# Blue F - Other Efforts - St. Croix River



## Purple A - Public Sources - Taxes and Fees

### Purple A-10: Overview of Public Funding Tools

-An Overview of Funding Tools To Support Implementation of Remedial Action Plans. This was prepared by Kathie Glassner of the Center for the Great Lakes. It gives an overview of many different tools, including: Taxation (many different types described), Fees (user fees and impact fees), Intergovernmental Transfers, Debt Financing, Private Capital, Tax Increment Financing, Civil Penalties and Settlements Arising From Litigation, and Revolving Loan Funds. 6 pages. Very good.

### Purple A-20: Taxes and Fees for Estuary Programs

-Published by E.P.A. Gives some good basics on taxes and fees, eg. stability and predictability of revenues, costs of administration, etc. Gives some good examples of taxing programs; looks closely at Rhode Island.

### Purple A-30: State Examples of Taxes

-The Topic Is Money. A brief memo prepared by Melissa Waterman. She gives a basic outline of the following: Washington State - Centennial Clean Water Act; Orlando, Florida - Tax Increment Financing; Bellevue, Washington - Acreage Fees; Houston, Texas - Capital Recovery Charges. 2 pages.

-Rhode Island's Public Drinking Water Protection Act. Describes the Act: Objectives, Result, Arguments. Even lists contacts for further information. The Act imposes a \$.01 per gallon "water protection charge."

-Reducing Nonpoint Source Pollution in Puget Sound - A Proposal For A Pollution Control Fee. This proposal calls for fees applied to land owners ranging from \$12 to \$87 depending on whether or not they have onsite sewage facilities, livestock, etc. This piece provides a nice description of the entire proposal, including background and a contact for further information.

-Washington State Pollution Tax Proposed by citizen initiative. This is the text of the actual legislation. I'm not sure if it passed or not. Several different types of taxes called for. 21 pages.

### Purple A-40 FILED AS Blue C-10: Puget Sound Finance Committee Report

on Funding  
-This committee examined over twenty potential sources of funding - an excellent source for discussion of public funding options. Each option considered is briefly summarized. See Appendix A (page 60).

Purple B - Public Sources - E.P.A.

Purple B-10: E.P.A. - Funding Our Environmental Future  
- Proceedings from a Region 1 conference: Public Private Partnerships  
and Alternative Financing Methods. 120 pages.

Purple B-20: Financing Marine and Estuarine Programs: A Guide to  
Resources - By E.P.A.

- Designed as a guide for local administrators to secure funds for  
protecting coastal waters and estuaries. 3 parts: Financial Primer,  
case studies, glossary. 100 pages.

Purple B-30: Financing State Water Programs  
- Proceedings from a National Workshop sponsored by EPA entitled  
"Financing Strong State Water Programs in New Ways. Many presentations  
on how water quality programs might be funded from public sources;  
including, fee systems, taxes, dedicated fines, etc. Appendices show  
examples of some actual water quality program financing systems. 100  
pages.

Purple B-100: Cooperative Environmental Management  
- Cooperative Environmental Management Technical Assistance Program -  
produced and administered by E.P.A. This piece gives an overview of  
the program, stating fundamentals such as goals, objectives and  
methods. Also talks about Internal Assistance, External Assistance and  
Philanthropic Assistance. Address and phone number for further info.  
The goal is: "Cooperation - commitment, coordination and  
collaboration, between public and private organizations for the  
environment."  
- Public-Private Partnerships Bulletin - Fall, 1989 issue of a  
newsletter produced by EPA. Talks of demonstration projects,  
conferences, etc.

- Regional Institutes for Cooperative Environmental Management. A brief  
overview of four institutes around the country. No mention of EPA

Region 1 (New England).  
- The Small Towns Environmental Program - intended to help  
institutions self-help concepts that small towns can use towards  
environmental ends. This is a 1 page description of the program.  
- National Advisory Council for Environmental Policy and Technology -  
An overview. Produced by the Office of Cooperative Environmental  
Management, September, 1990. This is a council made up of 5 committees  
whose purpose it is to advise the EPA administrator as to the progress  
(and efficiency) of the environmental management programs administered  
by EPA. The council is particularly interested in providing for  
cooperation among the many institutions involved in achieving  
environmental progress. 5 pages of the document look at recent  
accomplishments, and reports on each of them. The names and addresses

are listed for the members of all the committees.

#### Purple C - Legal Settlements

Purple C-10: Environmental Endowments in the U.S. - An Overview  
-Prepared by the Center for the Great Lakes. Looks at Virginia  
Endowment Fund, The Hudson River Endowment Fund, The California  
Environmental Trust and the Fund for New England. All but the  
California Trust were established in the wake of large legal  
settlements. Lists contacts for each fund. 8 pages. 2 copies in this  
file.

Purple C-20 FILED AS Blue A-220: Center For Great Lakes Protection  
Fund Proposals

-In this file there is a report entitled Investing in the Great Lakes.  
Appendix I of that report contains an excellent briefing entitled,  
Investing in the Great Lakes: Fines and Penalties from Environmental  
Litigation. 1987. 4 pages.

Purple C-30: Boston Harbor Trust Fund  
-Henry Foster, Fund For New England - conversation notes. General  
discussion of Mass Bay trust fund. Some good info here. A little of  
the history.  
-Proposed Rules and Procedures of the Trust Fund. Essentially Articles  
of Incorporation.  
-Order of the U.S. District Court of Massachusetts from the case:  
U.S.A. & Conservation Law Foundation of New England V. Metropolitan  
District Commission. Actual text of the court order which allowed for  
establishment of the fund.  
-Boston Harbor Remedial Projects. Specifics of what the fund will be  
used for.

#### Purple D - Other

Purple D-20 FILED AS Blue C-10: Funding the Cleanup and Protection of  
Puguet Sound - Report of the Puget Sound Finance Committee  
-This 100-page document is very useful for our purposes. A finance  
committee undertook to examine 6 alternative ways of funding the  
project and recommended one. Incorporated into the six alternatives  
are 20 different potential sources of funding, both public and  
private. The final recommendation calls for the establishment of a  
foundation and argues why. Well summarized up front. Highlighted.  
-The file also contains a one-page summary of the report prepared by  
Melissa Waterman.

- Purple D-30: State Revolving Funds  
-A brief explanation of how they work. A way in which to provide low interest loans to units of government for environmental protection.
- Purple D-40 FILED AS Green C-100: Turning The Tide: Legislative Remedies for Troubled Waters  
-These are the proceedings of a conference held in December 1989 in Seattle. Presentations were made from around the country, all dealing with estuary protection efforts. One such presentation is called "Creative Funding Approaches."
- Purple D-100: Canadian Federal Funding  
-Federal Expenditures as a Tool for Regional Development, produced by the Council of Maritime Premiers. This 20 page report analyzes Canada's federal spending in the various regions, particularly those expenditures designed to enhance regional development and coordination.

## Black A - International Cooperation - Marine Law Institute

Black A-10: Marine Law Institute  
-Allison Rieser, Director, Marine Law Institute (at the University of Southern Maine) - conversation notes. Touched on different matters. Some potentially useful contacts noted.  
-Barbara Vestal of the Marine Law Institute - Conversation Notes. Don't cover much ground.

Black A-20: 5 Approaches to Regional Management  
-Comments by Barbara Vestal of the Marine Law Institute (at the University of Southern Maine) made to a group of people concerned with establishing the Piscataqua River Basin Compact - a compact between Maine and New Hampshire. The paper gives a brief description of each of the following: Informal cooperation, interstate advisory commissions, reciprocal legislation, multi-state compacts, multi-state/federal government compacts. She also points up some examples from around the U.S. of regional compacts between states. Highlighted. 8 pages.

Black A-30: Bay of Fundy Tidal Project  
-Excerpts from a book entitled Environmental Decision Making in a Transboundary Region, Edited by Allison Rieser, Judith Spiller and David Vanderzwaag. The book is basically an exploration of Bay of Fundy tidal hydro-electric project - how it might be administered. Included here: Introduction, and the chapter entitled Decisionmaking Improvements and Alternatives. Speaks a little of state-provincial cooperation. Highlighted.  
-Working Paper 12, entitled Regional Action Plans for the Protection of the Marine Environment, by Peter Underwood. This was one of the working papers used in writing the book described above. The paper explores the 'action plan' approach to regional management and makes use of examples around the world. Highlighted. 30 pages.

## Black B - International Cooperation - United Nations

Black B-10: U.N. Regional Seas  
-Outline of the U.N. Regional Seas Program prepared by Melissa Waterman, for the Gulf of Maine Working Group.  
-Dr. Nelson Dolliver, U.N. Law of the Sea Secretariate. Conversation notes. Among other things, these notes contain the address of the Regional Seas Program in Nairobi.

Black B-20: The Mediterranean  
- Probing the future of the Mediterranean - an article by Michel Battise which appeared in the June, 1990 issue of Environment. The article gives an overview of the U.N. Regional Seas Program in the Mediterranean. 30 pages.

## Black C - International Cooperation - Miscellaneous

Black C-10: International Joint Commission  
- Brochure - International Joint Commission: The IJC was established in 1909 to exert jurisdiction over waterways which flow between Canada and the United States, primarily fresh waterways.  
- Dr. Fisher, Environmental Advisor, Law of the Sea, United Nations - phone conversation notes: Appropriateness of U.N. Regional Seas Program to Gulf of Maine; IJC as potential model for Gulf of Maine entity.

Black C-20: Bewers Article on European Initiatives  
- Marine Environmental Protection Initiatives in Europe: Steps to Emulate and Steps to Avoid. This is the full text of the condensed version which appeared in the 1989 Gulf of Maine conference proceedings. The paper is not concerned with how European efforts have been funded but focuses on the nature of various initiatives and the degrees of cooperation. Has a brief abstract at the beginning. Highlighted throughout.

Black C-30: E.E.C. Environmental Policy  
- Excerpts from a 1989 book entitled: The Environmental Policy of the European Communities. Doesn't deal much with funding. Chapters photocopied here include: Introduction, Water, Preventative Action, and International Conventions. A comprehensive treatment of the new environmental policies of the European Economic Community.

Black C-40: Institutional Arrangements  
- Excerpts from a 1972 report to the U.S. Department of State entitled Institutional Arrangements for Environmental cooperation. This piece was prepared to brief the State Department in light of the upcoming Stockholm conference, out of which came an action plan which recommended the U.N. Regional Seas Program - subsequently created by the U.N. In 1973. Included here: Summary of Recommendations, Introduction, strengthening Transitional Environmental capabilities and a glossary of acronyms.