

WISE GIVING™

GUIDE

BBB WISE GIVING ALLIANCE : SUMMER/FALL 2016

**THE CLOTHES
OFF YOUR BACK:**

**THE INS
AND OUTS OF
DONATION
BINS**

THANK YOU
FOR YOUR DONATION

CLOTHES
AND SHOES





A Publication of the
BBB Wise Giving Alliance

The *Wise Giving Guide* is published three times a year to help donors make more informed giving decisions. This guide includes a compilation of the latest evaluation conclusions completed by the BBB Wise Giving Alliance.

If you would like to see a particular topic discussed in this guide, please email suggestions to give@council.bbb.org or write to us at the address below.

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president's MESSAGE

When you contribute money to a charity, you usually know where the contribution is going and how it will be used. But when you place donated clothing in a drop-off collection box, the charitable connection may be far from what you expect. This edition's cover story intends to shed some light on a donation practice that has grown in popularity. In some cities, the number and location of clothing collection boxes has significantly increased in recent years.

To some degree, used clothing donations have a dual incentive. They can fulfill your desire to help others and also make room in closets, attics and basements by removing things you don't want to wear and/or no longer fit.

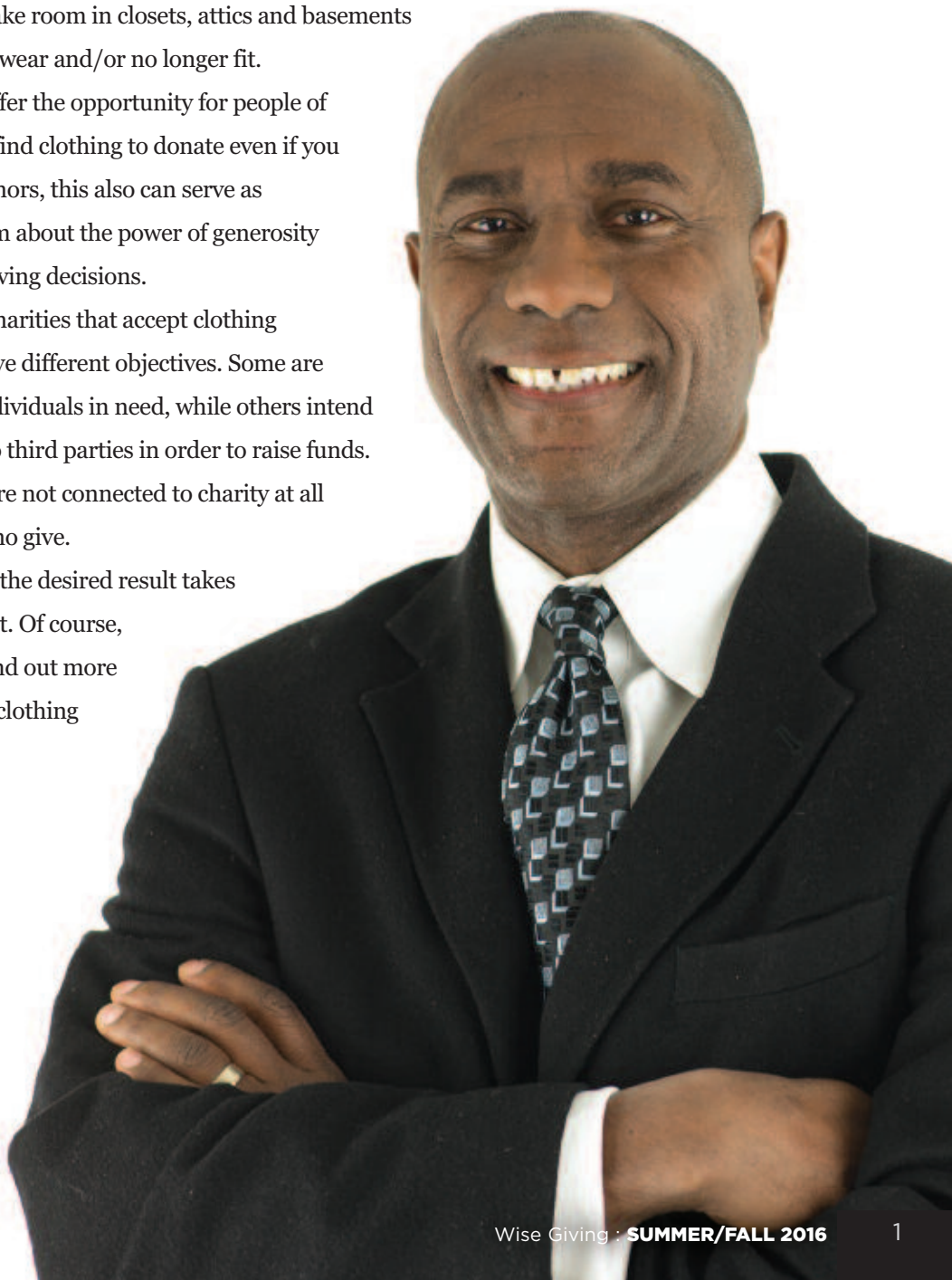
In addition, clothing donations offer the opportunity for people of all ages to give, since you can usually find clothing to donate even if you don't have money. So, for younger donors, this also can serve as a teaching moment that educates them about the power of generosity and the responsibility to make wise giving decisions.

As explained in our cover story, charities that accept clothing donations through collection bins, have different objectives. Some are operating thrift stores that employ individuals in need, while others intend to directly sell the clothing contents to third parties in order to raise funds. And, sadly, there are some bins that are not connected to charity at all but seek to take advantage of those who give.

Ensuring that your donations get the desired result takes a bit more work than you might expect. Of course, we welcome you to visit Give.org to find out more about an organization identified on a clothing collection bin.



H. Art Taylor, *President & CEO*



THE CLOTHES OFF YOUR BACK: THE INS AND OUTS OF DONATION BINS

By Edward Loftin

As anyone with children can attest, used clothing can become a major headache, filling boxes in almost every empty inch of available hidden space in closets and garages. One solution is passing hand-me-downs on to friends and relatives, but eventually your loved ones may question your motives. There are other options. Valuable clothes can be taken to a consignment shop, or maybe you could organize a garage sale, or use eBay or Craigslist to lighten your load. Thrift stores are another option, but what if there isn't one nearby or if you have an after-hours clothing crisis and want to put your family's used shoes or clothing to the best possible use? **Donation bins** may be the solution for you, and their ubiquity in retail-store parking lots makes it easy to combine donating your family's used clothes with a trip to the grocery store or post office. Beyond clothing, some bins also accept used books, toys and other household items.

For this issue, BBB WGA examines donation bins by looking at the environmental implications of textile waste and recycling, what happens to used clothing placed in bins, the positives and negatives of different types of bins, regulatory issues, other options for your used clothing, and finally, offers some best practices. We hope a closer look at this unique in-kind giving landscape will provide a primer for donors considering using donation bins and help them make the best use of their unwanted goods.

Textiles and the environment

According to the EPA, in 2013, just over a third of the municipal solid waste (MSW) in the U.S. (87 million tons or 34.3%) were recycled or composted. In addition to MSW, the Council for Textile Recycling (CTR) indicates that only 15% of American textiles get recycled. The remaining 85% ends up in landfills.

Post-consumer textile waste stood at 18.2 billion pounds in 1999 and is estimated to reach 35.4 billion pounds by 2019. The average American throws out 70 pounds of clothing per year, while recycling only 12 (CTR, weardonaterecycle.org). Some sources estimate

that Americans buy 5 times the amount of clothing they did in 1980, and the seeming disposability of clothing doesn't seem to be waning. Without mentioning specific retailers, my guess is the average consumer knows where to go to get a pair of jeans and 3 or 4 t-shirts for under \$50 with the assumption that they are not "built to last."

With the release of methane gas, as well as dyes and chemicals, and the landfill space, the environmental argument for recycling clothing is straightforward, but what happens to your used clothing once donated?

Clothes will come and clothes will go, but where?

In an ideal world, you donate a used coat to charity and then one cold winter day, you see a child wearing that **same coat** by the bus stop, comforted and sheltered from the elements. This scenario could play out, but the reality is more complex. Of the 12 pounds each American recycles annually¹, the Council of Textile Recycling (CTR) reports that only 10-20% is sold by charities at their thrift locations to earn revenue for their organizations. 80% is resold to recyclers, who "sort and separate" the textiles. Of this 80%:

- 45% is reused or repurposed; majority exported as secondhand clothing
- 30% is recycled and converted into rags for use as industrial and residential absorbents
- 20% is recycled into fibers for home insulation, carpet padding, raw material for the auto industry, etc.
- And 5% is unusable and ends up as waste.

There's a good chance that your donated clothing won't end up in the landfill. Depending on the condition of the clothing and needs of the thrift store, your clothing may end up aiding those in your community, but there's a better chance that it ends up helping clothe those overseas, creating a massive market for second-hand clothing (and why you might see an image of an African teen wearing a jersey with your favorite

team's logo²). And don't be surprised if your paper towels are repurposed from used textiles.

Beyond recycling

Donating clothing and similar goods at bins can also be a good way to support a wide range of other charity programs. For example, your clothing donations to Goodwill, founded in Boston in 1902 by Rev. Edgar J. Helms, support programs for young people, seniors, veterans, the disabled, and those with criminal backgrounds. In 2014, Goodwill provided job training for 26.4 million individuals³, continuing the tradition Helms began by collecting household goods and clothing, training the poor to mend or repair these items, and reselling these goods or giving them to those who had done the repairs. Offering "a hand up, not a handout," Goodwill also provides supporting services such as English language and educational training, transportation access and child care. According to Michael Meyer, President of Donated Goods, Retail and Marketing at Goodwill Industries International, donation bin contributions are "monetized into the community in the form of programs," and retail sales of donations in the Goodwill system generated income of \$3.94 billion in 2014.

The Society of St. Vincent de Paul, with its origins in France, began work in the United States in St. Louis, Missouri in 1845 and has been operating donation bins in the U.S. since the early 20th Century. According to Dave Barringer of the National Council of the United States Society of St. Vincent de Paul (SVdP), there are societies serving 4,400 communities in the U.S., with mostly volunteers providing services for the poor, from food pantries and emergency relief to help with utilities and rent, among others.

Holiday shoppers recognize the bell-ringing volunteers and red shield logo of the Salvation Army. The Army also has thrift stores across the U.S., supported by donation bins. Gary Wilson, the Salvation Army's General Secretary for the Adult Rehabilitation Centers in the Southern Territory, says the organization has nearly 200 bins in his region alone, which extends from Baltimore to Miami, and west to San Antonio and

Oklahoma City. Wilson indicates that between 84 cents to 87 cents per dollar raised through the donation bins is used by the local Salvation Army, paying thrift store employees or for programs that offer "everything you need to reestablish your self-worth." The Salvation Army's 108 Adult Rehabilitation Centers throughout the U.S. offer housing, meals, work, and therapy, among other services, and demonstrate Wilson's phrase that the charity "recycles clothing and recycles lives."

Many donation bins are operated by charities with household names. However, a closer look at the different types of bins will help educate donors and help put their used clothing to the best possible use even when faced with an unfamiliar name.

All boxes are not equal

Before you start packing up your used clothes, keep in mind that there are several types of clothing recycling bins: 1) those owned by a charitable organization, 2) ones run by for-profit companies that license with a charity for the use of its name or logo, with the charity often getting a portion of the revenue

generated from the box, and 3) bins that are strictly for-profit. In some cases, such as with the National Council of the U.S. Society of St. Vincent de Paul, the organization uses both model 1 and model 2, depending on the decision of the "council" or "conference" serving a particular area.

According to Dave Barringer of SVdP, clothing bins represent "an efficient way to support" the 400-500 thrift stores operated by organizational affiliates at any given time. He estimates that about 75% of clothing collected in bins ends up in SVdP thrift stores, where it is available on shelves for a recommended 30 days before going to aftermarket. The retail price for one pound of clothing is between \$3 and \$4, while the aftermarket price can range from zero to a quarter per pound, depending on the condition. Barringer says, "It is important for the donor to know that the value of their donation changes," stressing that economic or market conditions can cause this value to fluctuate. Sour economies also mean people will hang on to their used clothing longer. In Barringer's opinion "**charity-owned boxes are your best bet**"



if you are interested in supporting organizations with missions beyond recycling.

There have been problems with some for-profit recyclers in recent years. In 2015, New York's Attorney General, Eric Schneiderman announced that a for-profit recycler misled the public into believing that donated clothes would benefit charitable organizations. Thrift Land USA of Yonkers, with over 1,100 donation bins in metro New York, used the name of two charitable organizations, Big Brothers Big Sisters of Rockland County and I Love Our Youth. While Thrift Land USA received huge profits for selling the clothes overseas, the two charities only received a small monthly fee for the use of their name.

While not a "blanket statement" concerning the legitimacy of all for-profit textile recyclers, you don't have to look hard to find donation bins owned by private recyclers using logos or mission statements that present what Attorney General Schneiderman's office would call a "charitable veneer." Looking into each suspect donation bin or every arrangement private sector recyclers make with charities for use of their name is a tall order. However, cases such as this one from New York can help build awareness of the issue and point out that these kinds of practices harm charitable organizations whose missions extend beyond recycling.

Deductibility

As always, when given to charity, your clothing donation is tax-deductible as long as the item is in "good" used condition (i.e., you can't deduct your ripped and frayed college sweatshirt). Gifts to for-profit recyclers are not tax-deductible, but many recyclers use vague, potentially misleading language such as "help find a cure" or "support our troops." Sometimes these statements imply a pre-existing charity connection when in fact, none really exists. Donors may not know for sure unless they reach out to the bin operator directly to get this information, assuming a phone number or email address is provided.

The onus of determining the deductible value of donated clothing falls to donors themselves. At most, a charity will provide a receipt that says you donated items on a specified date, but it is up to the donor to determine the deductible value of these in-kind gifts. Some organizations will provide information on how to get a tax receipt on their bins, but blank receipts are not provided at donation sites as they would be for many thrift operations. Tax professionals as well as software can help you put a price tag on your used goods.

For those donors seeking to value goods on their own, below are links to valuation guides from both Goodwill Industries International and the Salvation Army:

- https://www.goodwill.org/wp-content/uploads/2010/12/Donation_Valuation_Guide.pdf
- <https://satruck.org/Home/DonationValueGuide>



Don't box yourself in: Other options for your used goods

Goodwill Industries International's (GII) Michael Meyer has a different take on donation bins. High transportation costs and the propensity for goods to languish in the elements⁴ have led to GII taking a more strategic approach to bin placement, using the containers in rural or densely-populated areas where the organization can't logically open an Attended Donation Center (ADC). Each of the 165 autonomous Goodwills throughout the country make their own decisions about where to place stores, trailers or stand-alone donation centers, bins, or a combination of these collection methods. Meyer believes that the "best engagement for any donor is to have it to occur with a donation attendant where you can get a feel for the mission as well as a tax receipt." While Meyer estimates that 40-50% of Goodwills use donations bins, and these bins can serve as an "effective mechanism to capture unwanted items," he also believes that donors cannot duplicate the personal connectivity of giving directly to staff at an ADC Goodwill location.

Other charities have attended donation options as well, and some charities will even come pick up your used goods. Don't hesitate to call local charities in your community and ask about their needs and the giving options available. Needs may fluctuate. For example, a homeless shelter may not have as many clothing needs in the middle of summer, but may as colder weather arrives. Contact animal charities or local shelters as they may need blankets and bedding for cats, dogs, or other pets.

Regulation

Twenty years ago, there were few regulations of the donation bin industry. Since that time, states and

municipalities have instituted some requirements, especially as troublesome “donors” have begun leaving mattresses, old televisions or other unwanted items *outside* of bins. In July of 2014, the *New York Times* reported that New York City has laws banning collection bins on sidewalks and streets, and that once found by sanitation workers or reported by citizens, the bins are tagged and the owners given 30 days to remove the receptacle. The city tagged 2,006 bins and confiscated 132 during the fiscal year ended June 30, 2014, but the *Times* adds that for-profit recycling companies factor any fines into the cost of doing business, and the businesses would simply move the bins elsewhere.

Fred Olsson, Chief Operating Officer of Planet Aid, a charity focused on collection and recycling as well as providing grants in health, sustainable agriculture, education, and community development⁵, states that they operate about 20,000 bins in 21 states. Olsson claims for-profit recyclers are driving up the cost of doing business for charities by offering businesses money to operate on private property. In some cases, charities are required to get permits from a municipality, and occasionally pay an associated fee. Planet Aid’s Olsson stresses the need for self-policing and standards among bin operators, including “making solid agreements with and getting written authorization from property management,” but laments the difficulty of promoting these solutions in the fractured world of recycling bin operators. However, he notes that working with groups like Secondary Materials and Recycled Textiles (SMART) and their member organizations have encouraged “good legislation that will require and make it easier for people to recycle textiles and punitive not to do so.”

Ulterior motives

Unfortunately, you may have seen busy recycling centers with mattresses or other home goods piled outside of donation bins, but castoffs create more than an eyesore, and question the motives of the “donor.” Donation bins are not dumpsters. Exposure to the elements harms the condition of donated goods, and if items are in poor condition to begin with, they are of little use to the charity. In fact, charities bear the burden of removing items from around their bins, creating extra cost in time and money. Barringer of SVdP stresses that donors should be “mindful of the condition of their donations,” providing the rule of thumb that, “If you wouldn’t give it to a family member, then don’t give it to a charity.” Similarly, Barringer explains that “not every charity takes every kind of donation,” and that calling ahead can “save you and the charity the trouble” of processing these goods.

Think outside the box

Once you’ve determined what will go in the box, take a closer look at the outside. The information on donation bins, or lack thereof, can inform your giving decisions. Just as you would vet an organization after receiving charity appeals in the mail, via telephone, or electronically, you will want to do your homework to choose the donation bin that is right for you.

The name of the organization is the obvious place to start. Steer clear of donation bins with generic labels such as “shoes” or “clothes.” If you know the name of the charity hosting the donation bin, visit give.org. Before you donate through a for-profit bin, contact the business and ask if they are a member of Secondary Materials and Recycled Textiles (SMART), which represents nearly 200 textile recyclers and uses a Code of Conduct for their members.

The more transparency the better and other important items to look for on the outside of donation bins include:

- Mission statement
- Description of program services your donation supports
- The portion, if any, that will benefit the charity
- Web address, email address and/or phone number for questions or to get a tax receipt
- If a charity, then the EIN or tax number

Donation bins can be an effective method of helping charitable organization’s support their programs and provide relief from landfills. They are also convenient, and can make burdensome tasks such as cleaning out the garage just a few car trips away. However, before “giving the shirt off your back,” do the necessary legwork to find an organization you can trust and maximize your giving efforts. ■

Notes:

- 1 Based on EPA 2009 FEDERAL MSW study showing 3.8 pounds recovered divided by 2010 US Census Population of 310 million.
- 2 Recommended reading: Pietra Rivoli’s 2005 book *The Travels of a T-shirt in the Global Economy*.
- 3 Of this 26.4 million, 24 million used Goodwill mobile and online learning or accessed virtual services while 2 million received job training and placement through Goodwill agencies.
- 4 Goodwill does use SmartBin technology, in which ultrasonic sensors report fill-levels to their hosts via cellular networks and software, enabling the better management of bins and resources.
- 5 Planet Aid reports that it is a member of Humana People to People which serves 32 aid organizations around the world from its home offices in Zimbabwe.