

Giving in Minnesota

Total Giving in Minnesota Increases after Declines Over Two Years

Total Charitable Giving. After two years of declines, Minnesota's total charitable giving increased in 2003 (the most current year which figures are available), showing improvement after the recession following September 11, 2001. All funders, individuals as well as foundations and corporations, increased giving by small but healthy margins in 2003, reflecting the gradually improving national economy.

In 2003, individuals, foundations and corporations in Minnesota contributed more than \$4.39 billion to nonprofits working to address new and continuing community needs. This amount represents a 5 percent increase (2.9 percent adjusted for inflation) from the previous year. The improvement follows a slight decline in 2002.

Total Charitable Giving in Minnesota, 2000-2003*

	2000	2001	% Change	2002	% Change	2003	% Change
Individuals	\$3,483	\$3,347	-3.9%	\$3,355	0.2%	\$3,433	2.3%
Foundations & Corporations	\$867	\$957	10.4%	\$911	-4.8%	\$958	5.2%
Total Giving:	\$4,350	\$4,034	-1.1%	\$4,266	-0.9%	\$4,391	2.9%

Dollar figures in millions.

* Constant dollars based on Consumer Price Index, where \$1.00 in 2003 equals \$1.07 in 2000.

Individual Giving Continues Upward Momentum

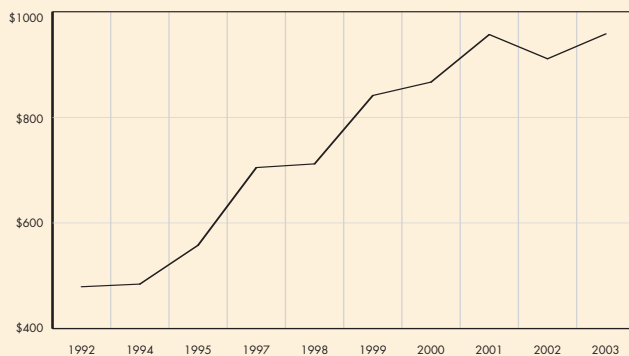
Individual Giving. Individual giving continued to rebound in 2003 following slight growth in 2002. Minnesotans individually gave an estimated \$3.43 billion to charity in 2003, an increase of 4 percent (2 percent adjusted for inflation) after a 2 percent increase (0.2 percent adjusted for inflation) in 2002.

The improving but still sluggish economy in 2003 had an impact on the number of individuals giving to charity. A total of 875,793 Minnesotans claimed charitable contributions on tax forms in 2003, down from 913,172 in 2002 and 900,813 in 2001. However, individuals gave larger amounts, with an average charitable contribution per itemized return of \$3,214 in 2003, up from \$2,953 in 2002 and \$2,929 in 2001.

Minnesota's average charitable contribution per return was lower than the national average of \$3,731. The state had the seventh-highest percentage of tax filers itemizing deductions (40.9 percent) in 2003, a factor that tends to include more individuals with lower charitable giving levels in the average contribution figure.

Minnesotans gave an average of 2.4 percent of their adjusted gross income to charity in 2003, marginally higher than the national average of 2.3 percent. The state performs much better in the number of tax returns with contributions, ranking fifth overall with 36.7 percent, much higher than the national figure of 29.4 percent.

Minnesota Grants, 1992-2003*



Dollar figures in millions.

* Constant dollars based on Consumer Price Index, where \$1.00 in 2003 equals \$1.31 in 1992.

Individuals contributed 78 percent of the state's charitable dollars in 2003, down slightly from 79 percent in 2002. The balance came from state grantmaking organizations, including private foundations, corporate foundations and giving programs, and community/public foundations.

Foundation and Corporate Giving Rebounds After Declines in 2002

Grants Paid. In 2003, Minnesota's 1,296 active foundations and corporate grantmakers gave more than \$958 million to nonprofit organizations, an increase of 7 percent (5 percent in inflation-adjusted dollars) from 2002. This upturn came after a decline in Minnesota grant dollars in 2002, the first recorded by the Council in 20 years of tracking these figures. The increase continues a longer-term trend that was briefly interrupted by the recent economic recession. The state's strong 2003 rebound in

Minnesota Grantmaking at a Glance*

	2000	2001	2002	2003
Total Grants Paid	\$810.10	\$920.03	\$893.08	\$958.06
Total Foundation Assets	\$12,097	\$11,362	\$11,585	\$13,457
Number of Grantmakers	1,196	1,227	1,277	1,296

Dollar figures in millions.
* In current dollars.

grant dollars contrasts with a reported 0.4 percent decrease nationwide, indicating healthier overall economic conditions and a more resilient philanthropic sector in the state compared with the nation.

The increase in Minnesota grant dollars also contrasts with the findings of the Council's 2003 Grantmaking Outlook Report, published in late 2002, predicting flat growth or a decline in total private grant dollars in 2003. The improvement derived from higher-than-anticipated growth in foundation assets. *Giving in Minnesota, 2004 Edition*, reported that foundation assets increased 2 percent (flat growth adjusted for inflation) in 2002. Because most foundations set grant levels through the year based on an average of past asset performance, typically one to three years, the gain in foundation assets in 2003 had a direct impact on the increase in the year's foundation grants.

Another reason for the improvements is an increase in corporate profits, the source for most corporate grants. In addition, a number of community/public foundations reported an increase in gifts from individual donors.

Foundation Assets. Minnesota foundation assets totaled more than \$13.5 billion in 2003, an impressive 16 percent increase (14 percent adjusted for inflation) from 2002. Total foundation assets regained growth after two consecutive years of decline or flat growth in constant dollars. This increase appears to be across the board for the state's top grantmakers, indicating better-than-expected stock market

performance. Also, both Wells Fargo Foundation Minnesota and Thrivent Financial for Lutherans reported substantial assets in 2003 but no comparable figures in 2002.

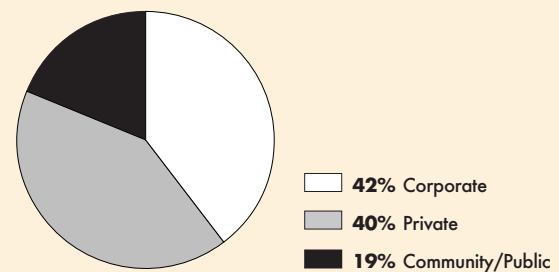
According to the 2004 Outlook survey, more than half of Minnesota foundations responding experienced an increase in assets in 2003; a third reported asset increases of 5 percent or more; and a quarter reported small asset growth. These figures represent significant improvement over the previous year.

Asset gains in 2003 return state grantmakers to financial health similar to 1999 and 2000. Minnesota's 2003 growth in asset value is larger than the nationwide increase of 10 percent (7 percent adjusted for inflation).

Number and Type of Grantmakers. In 2003, there were 1,296 active foundations and corporate grantmakers in the state, 19 more than 2002. The net increase is much smaller than the increase of 50 new grantmakers from 2001 to 2002, indicating that the formation of new foundations has leveled off.

From 2002 to 2003, private foundations grew in numbers from 1,092 to 1,115, a 2 percent increase. Private foundations comprise the largest number of foundations, 86 percent of the total, the same as 2002. The ranks of community/public foundations, experiencing the largest number of new foundations in 2002, declined by 7 percent, from 81 to 74 in 2003.

Minnesota Grants Paid by Grantmaker Type, 2003



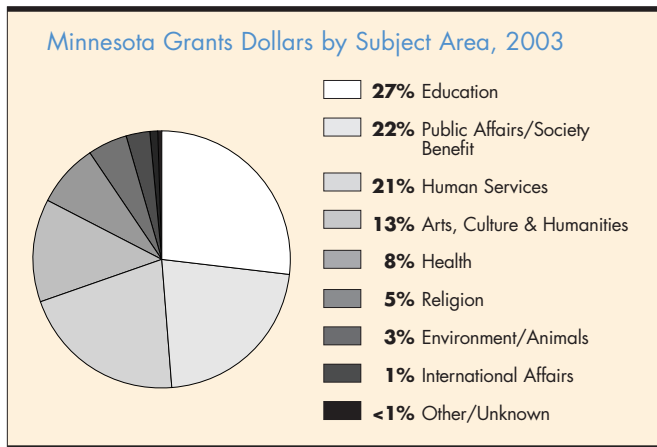
Continuing a long-term trend, a small number of Minnesota grantmakers awarded the vast majority of the state's private grants in 2003. A mere 2.2 percent of the state's grantmakers provided more than two-thirds of total grant dollars and held more than half of foundation assets.

Corporate foundations gave the highest percentage of total Minnesota grant dollars, 42 percent, in 2003. Private foundation grants dropped from 50 percent of the total in 2002 to 40 percent in 2003. Community/public foundations increased giving from 13 percent of the total to

19 percent year to year. Corporate giving increased with the addition of the Shakopee Mdewakanton Sioux Community tribal giving program as a corporate grantmaker. The Indian tribal giving program gave about \$8 million to the community in 2003.

Grantmaking by Subject Area. Education

organizations once again received the largest share of Minnesota grant dollars in 2003, with 27 percent of the total, the same as 2002. Education grants have held the largest percentage share since 1990, except in 2001. Minnesota grants to Education increased 15 percent in inflation-adjusted dollars in 2003.



Public Affairs/Society Benefit grantmaking held the second-largest share of Minnesota grant dollars in 2003, with 22 percent of the total and higher than the national average of 17 percent in 2003. Total Minnesota grantmaking to Public Affairs/Society Benefit was up 25 percent in inflation-adjusted dollars from 2002.

Human Services ranked third in share of 2003 Minnesota grant dollars at 21 percent. State grantmakers have consistently given a higher percentage of grants to Human Services than the national average (16 percent in 2003). Total Human Services grants were down 3 percent from 2002 in inflation-adjusted dollars.

Arts, Culture & Humanities had the same 13 percent share of grant dollars in both 2003 and 2002. The national share of Arts grants gained one percentage point in 2003 to 13 percent, thus matching the percentage of Minnesota grant dollars for Arts. Minnesota Arts grants grew 15 percent in inflation-adjusted dollars in 2003.

Health grantmaking increased 8 percent in total dollars in 2003, adding to gains over four years. The share of Minnesota giving to Health organizations in 2003 was 8 percent, matching the high achieved in 2002, but significantly below the 20 percent national share, a long-standing trend.

Religion maintained a 5 percent share of Minnesota grant dollars in 2003, the same as 2002. Religion tallied a growth of 32 percent in inflation-adjusted grant dollars, the largest growth of any subject area. The percentage of Religion grants in Minnesota is higher than the national average of 2 percent.

Grantmaking by Geographic Area. Grant dollars given within Minnesota dipped from 61 percent in 2002 to 54 percent in 2003. This decline followed a rebound in grant dollars to the state in 2002.

Organizations with a national focus and those serving areas outside Minnesota saw strong gains in 2003, 48 percent and 42 percent, respectively. Organizations serving areas outside Minnesota received 31 percent of overall giving, a level not duplicated since 1997. Organizations with a national focus received 12 percent of total grant dollars.

The portion of Minnesota community/public foundation grants to organizations serving all or part of Minnesota decreased from 80 percent in 2002 to a record low of 64 percent in 2003. This giving trend relates to the emergence of donor-advised funds within community foundations whose donors tend to base giving on their grantmaking priorities, regardless of community foundation geography. For the first time since 1990, private grantmakers gave a larger percentage of grants to organizations serving the state than community/public foundations.

	1984	1986	1988	1990	1992	1994	1997	1999	2001	2002	2003
Twin Cities	58%	45%	38%	44%	33%	36%	37%	36%	30%	35%	33%
Greater Minnesota		11%	10%	12%	13%	11%	14%	12%	11%	13%	9%
Minnesota Statewide	11%	12%	10%	8%	14%	11%	9%	13%	18%	13%	12%
Minnesota Total	69%	68%	58%	64%	60%	58%	60%	61%	59%	61%	54%
Areas Outside Minnesota		31%	31%	28%	31%	32%	31%	27%	25%	26%	31%
National		31%	4%	3%	9%	8%	6%	7%	12%	10%	12%
International		1%	1%	1%	1%	<1%	1%	1%	2%	3%	2%
Unknown		<1%	6%	5%	<1%	1%	2%	4%	2%	1%	1%

After increasing slightly in 2002 from a record low percentage in 2001, the portion of Minnesota corporate grant dollars going to organizations serving all or part of Minnesota dipped from 39 percent in 2002 to 37 percent in 2003. The decline represents a trend toward corporate grantmakers increasingly giving grants through their local subsidiaries, plants and branches. In addition, growing programs like General Mills Box Tops for Education spread investments across the country.

Grantmaking by Intended Beneficiary. Except for the **General/Unspecified** category, **Children and Youth** again received more grant dollars in 2003 than any other beneficiary population, continuing a trend since 2001. The share of grant dollars for Children and Youth increased from 17 percent of the total in 2002 to 19 percent in 2003.

Giving to **Ethnic/Racial Minorities – Other Specified Groups** saw strong growth in 2003, though representing only a small percentage of overall giving. Ethnic/Racial Minorities – Other Specified Groups comprises minority groups other than Asian/Pacific Islanders, Blacks, Hispanics and Native Americans.

Grantmaking by Support Type. General/operating support grants in Minnesota remained flat after experiencing a sharp decline in 2002. The share of grant dollars was slightly under 23 percent of total giving in 2003, compared with 22 percent in 2002. Private grantmakers increased support for this type of funding in 2003, while corporate and community/public grantmakers continued to show declines.

After experiencing an earlier increase in capital funding related to large increases in endowment funds, capital funding declined in 2003. The share of funding for this type of support went from 17 percent in 2002 to 14 percent in 2003.

Giving for student aid funds increased from 5 percent of total funding in 2002 to 7 percent in 2003. Several support types within this category, such as awards/prizes/competitions and fellowship funds, have seen small but steady gains since 2001.

National Comparisons

Total Grant Dollars. Minnesota ranks:

- 8th in foundation giving per capita (same as 2002)
- 14th in total foundation giving (same as 2002)

Grant and Asset Growth. Minnesota was ahead in grant and asset growth:

- 7 percent grants increase in 2003 – much higher than national average decline of 0.4 percent
- 16 percent increase in foundation assets in 2003 – higher than nationwide increase of 9.5 percent

Grantmaking by Subject Area. By share of 2003 grant dollars, Minnesota grantmakers gave:

- Same percentage of grant dollars to Arts (13 percent vs. 13 percent)
- Larger percentage of grant dollars to Education (27 percent vs. 25 percent), Human Services (21 percent vs. 16 percent), Public Affairs/Society Benefit (22 percent vs. 17 percent) and Religion (5 percent vs. 2 percent)
- Smaller percentage to Environment (3 percent vs. 6 percent), Health (8 percent vs. 20 percent) and International Affairs (1 percent vs. 3 percent)

Individual Giving. Minnesota ranks:

- 16th in total charitable contributions claimed on tax returns
- 20th in average percentage of adjusted gross income given to charity

About the Minnesota Council on Foundations

Founded in 1969, the Minnesota Council on Foundations is a regional membership association of grantmakers working to improve the vitality and health of our communities. The Council's mission is to strengthen and expand philanthropy. The Council's broad and diverse membership includes private foundations, community and other public foundations, and corporate foundations and giving programs.

Order the Full Report

Copies of the full *Giving in Minnesota, 2005 Edition*, publication are available from the Minnesota Council on Foundations for \$20 (plus postage/handling and appropriate sales tax). Quantity discounts are available. For an order form, visit the Council's website at mcf.org (select "Resources"), where you can also download this summary of the *Giving in Minnesota* report.

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