



GIVING IN MINNESOTA

2007 EDITION SUMMARY

KEY FINDINGS

MINNESOTA GIVING OVERVIEW¹

Total giving increases. Giving in the state rose 4.9 percent to \$5.1 billion in 2005, the most recent year for which comprehensive data is available.

Gains in individual giving. Giving by individual Minnesotans continued to rise in 2005, from \$3.8 billion to \$4.1 billion, a 6.8-percent increase.

Foundation & corporate giving declines. Minnesota grantmakers gave a total of \$1.02 billion in 2005, a 1.9-percent decrease from 2004, but still surpassing the \$1 billion mark for the second year in a row.

Foundation assets grow. Assets of the state's foundations rose 7.3 percent to \$15.7 billion in 2005.

GRANTMAKING BY SUBJECT AREA²

Because of disaster relief funding, **Human Services received the most grants.** Grantmakers gave 25 percent of the state's 2005 grant dollars, the largest share, to this category partly due to the response to the South Asia tsunami and Hurricanes Katrina and Rita.

Grantmaking to Education, Religion declined. Continuing a multi-year trend, Education's share of grant dollars decreased 4 percent from 2004 to 2005. Religion's share of grant dollars also dropped.

Increased support for Environment/Animals, International Affairs. Environment/Animals and International Affairs both saw an increase in their shares of the state's grants dollars for the first time since 2001.

GRANTMAKING BY GEOGRAPHIC AREA²

Slight drop in grants to Minnesota. In 2005, Minnesota grantmakers gave 58 percent of their grant dollars to organizations serving Minnesota, a 1-percent decrease from the previous year.

Less funding to Greater Minnesota. Greater Minnesota saw the largest decline in funding, from a 13-percent share of grant dollars in 2004 to 11 percent in 2005.

GRANTMAKING BY INTENDED BENEFICIARY²

Fewer grants to Children & Youth. While Children & Youth continued to receive the second-highest level of support, its share of Minnesota grant dollars declined from 19 percent in 2004 to 16 percent in 2005. The highest shares of grant dollars went to the General Public/Unspecified Beneficiary group.

Increased support for racial/ethnic groups. The share of state grant dollars to benefit Native Americans increased to 3 percent in 2005. The share of grants also increased for Hispanics/Latinos, Asians/Pacific Islanders and African Americans/ Blacks.

GRANTMAKING BY SUPPORT TYPE²

Most grants for Program Support. For the third consecutive year, Minnesota grantmakers devoted the largest share of their grant dollars (51 percent) for Program Support.

Drop in General/Operating & Capital Campaign Funding. From 2004 to 2005, the share of Minnesota grant dollars for General/Operating Support dropped from 25 percent to 21 percent, while the share for Capital Campaigns dropped from 12 percent to 9 percent.

ABOUT THIS REPORT

The Minnesota Council on Foundations produces *Giving in Minnesota* to provide a comprehensive analysis of philanthropy in the state. This summary report provides highlights of overall 2005 giving by foundations, corporations and individuals in Minnesota, and of the detailed grantmaking patterns and trends by the state's 100 largest foundations and corporate giving programs. *Giving in Minnesota, 2007 Edition* can be found at mcf.org/gim, where you can download this summary report and the full technical report, which provides a more comprehensive and in-depth analysis of the Council's latest Minnesota giving research.

¹ All figures based on actual dollars.

² Based on giving by the 100 largest Minnesota grantmakers by grants paid in 2005. The sample selection criteria were changed for this year's report, and 2003 and 2004 data were recalculated to reflect this change and provide consistent data for comparison.

MINNESOTA GIVING OVERVIEW³

Minnesota's Total Charitable Giving Increased 4.9 Percent in 2005

In 2005, individuals, foundations and corporate giving programs in Minnesota gave a total of \$5.1 billion in charitable contributions, up 4.9 percent from the previous year (1.9 percent adjusted for inflation), compared to a 2004 increase of 12 percent. The significant increase in giving in 2004 was due primarily to the Blandin Foundation's one-time grant of \$20 million and the E.M. Pearson Foundation's spending down of all of its assets through \$30.9 million in grants. Thus, the 4.9-percent increase in 2005 speaks to the stable growth in charitable giving in the state, even without substantial one-time jumps in grantmaking by a few organizations.

Donations from individuals continued to comprise the largest portion of the state's giving, accounting for 80 percent of the total. The remaining 20 percent represented grantmaking by foundations and corporate giving programs. Private foundations and corporations were responsible for 9 percent and 8 percent of all giving, respectively, and community foundations accounted for 3 percent.

Giving by Individuals Reached \$4.1 Billion

Individual charitable giving in Minnesota rose 6.8 percent in 2005 (3.7 percent adjusted for inflation), from \$3.86 billion to \$4.1 billion, which was much lower than the 12.3-percent increase in 2004. Nationally, giving by individuals increased about twice as much.

The total number of Minnesotans claiming charitable contributions on their tax returns increased from 896,103 in 2004 to 914,303 in 2005, a 2-percent increase and the highest number since 2002.

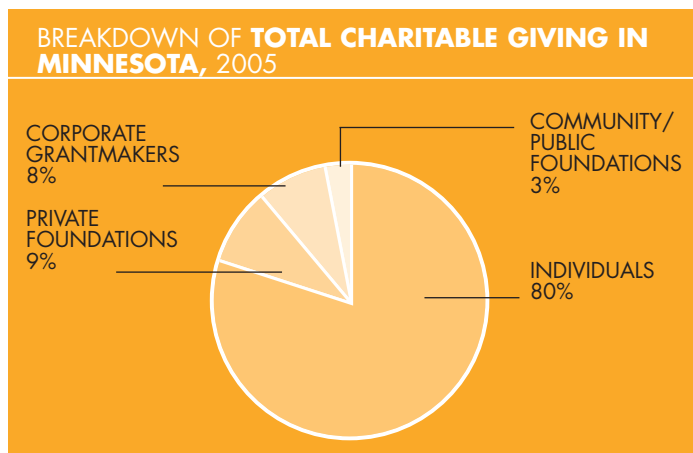
The average contribution per itemized return for Minnesotans in 2005 was \$3,693, a 4.6-percent increase from 2004 (\$3,528) and a 25-percent increase from 2002 (\$2,953). Despite this increase, the average size of contributions by Minnesotans in 2005 remained below the national average of \$4,338, a long-term trend. This difference has traditionally been related to Minnesotans itemizing at a higher rate than the national average, a factor that tends to include more individuals with lower charitable giving levels in the average contribution figure for the state. In 2005, Minnesota ranked 21st in the

percentage of its residents' adjusted gross income given to charity, down from its 17th-place ranking in 2004.

Grantmaker Giving Again Tops \$1 Billions

Total Grants Paid. In 2005 Minnesota grantmaking passed the \$1 billion mark for the second consecutive year. Minnesota grantmakers gave a total of \$1.02 billion in grants in 2005, a 1.9-percent decrease from 2004 (-4.8 percent adjusted for inflation). In contrast, the state's grantmaking grew 10.7 percent between 2003 and 2004 and 5.4 percent the year before. Nationally, foundation giving rose 5.5 percent in 2005.⁴

The decline in grantmaking in 2005 is due primarily to the Blandin Foundation's one-time grant of \$20 million and the E.M. Pearson Foundation's spending down of all of its assets through \$30.9 million in grants in 2004, rather than to any specific negative impacts on grantmaking in 2005. If the one-time grantmaking of these two foundations were removed from the 2004 total, 2005 grantmaking in Minnesota would have increased by 3 percent.



TOTAL CHARITABLE GIVING IN MINNESOTA, 2002-2005* DOLLARS IN MILLIONS

| | 2002 | 2003 | % Change | 2004 | % Change | 2005 | % Change |
|-------------------------|----------------|----------------|-------------|----------------|--------------|----------------|-------------|
| Total Individual Giving | \$3,289 | \$3,433 | 4.4% | \$3,856 | 12.3% | \$4,117 | 6.8% |
| Total Grantmaking | \$893 | \$941 | 5.4% | \$1,042 | 10.7% | \$1,022 | -1.9% |
| Total Giving | \$4,182 | \$4,374 | 4.6% | \$4,898 | 12.0% | \$5,139 | 4.9% |

* Actual dollars.

MINNESOTA GRANTMAKING AT A GLANCE, 2002-2005 DOLLARS IN MILLIONS

| | 2002 | 2003 | 2004 | 2005 |
|-------------------------|-------------|-------------|-------------|-------------|
| Total Grants Paid | \$893.08 | \$941.07 | \$1,041.77 | \$1,021.79 |
| Total Foundation Assets | \$11,584.70 | \$13,456.72 | \$14,671.59 | \$15,744.92 |
| Number of Grantmakers | 1,277 | 1,296 | 1,341 | 1,378 |

* Actual dollars.

³ All figures based on actual dollars.

⁴ *Foundation Yearbook*, 2006 Edition, The Foundation Center.

Number of Grantmakers. Minnesota was home to 1,378 active grantmakers in 2005, an increase of 2.8 percent from 2004. In 2005, 85 percent of the state's grantmakers were private foundations (1,174), 9 percent were corporate foundations and giving programs (119), and 6 percent were community/public foundations (85).

Grants Paid by Grantmaker Size & Type.

Most of Minnesota's total grants paid in 2005 came from a small number of grantmakers, continuing a long-term trend. Slightly less than 10 percent of the grantmakers (129 grantmakers) gave 85 percent of all grant dollars (\$863.6 million), while about 2 percent of grantmakers (32 grantmakers) provided two-thirds of all grant dollars (\$676.5 million).

Although corporate foundations and giving programs are a small percentage of Minnesota grantmakers, they provided a significantly higher proportion of the total grants paid in 2005, continuing a long-term trend. Specifically, in 2005, corporate grantmakers comprised 9 percent of all grantmakers but gave 41 percent of all grants paid. While private foundations made up the vast majority of the state's grantmakers (85 percent), they accounted for just 46 percent of grants paid, due to the fact that the majority of private foundations are small family foundations making \$50,000 or less in annual grants. Community/public foundations represented 6 percent of the grantmakers and paid 13 percent of all grant dollars.

Private foundation grantmaking decreased from \$508 million in 2004 to \$466 million in 2005. This 8 percent drop (adjusted for inflation) was the largest decline of all three grantmaker types and reflects, in large part, a return to previous giving levels after an anomalous spike in 2004 giving by the Blandin Foundation and E.M. Pearson Foundation.

Corporate grantmaking declined slightly (-1.7 percent) from \$431 million in 2004 to \$424 million in 2005, following steady increases since 2002. While many of the state's corporate foundations and giving programs increased their grantmaking substantially in 2004, most saw their giving stay relatively flat in 2005.

Community/public foundations also saw a slight drop in their grantmaking (-1 percent), from \$134 million in 2004 to \$132 million in 2005.

Foundation assets. Minnesota foundation assets grew 7.3 percent to \$15.7 billion in 2005 (4.2 percent adjusted for inflation), which was slightly

MINNESOTA GRANTS PAID, 1988-2005
DOLLARS IN MILLIONS

| Year | Actual Dollars | | Inflation-Adjusted Dollars* | |
|------|----------------|----------|-----------------------------|----------|
| | Amount | % Change | Amount | % Change |
| 1988 | \$264.00 | | \$435.60 | |
| 1990 | \$313.70 | 18.8% | \$467.41 | 7.3% |
| 1992 | \$365.80 | 16.6% | \$508.46 | 8.8% |
| 1994 | \$390.50 | 6.8% | \$515.46 | 1.4% |
| 1995 | \$461.00 | 18.1% | \$590.08 | 14.5% |
| 1997 | \$613.00 | 33.0% | \$747.86 | 26.7% |
| 1998 | \$630.00 | 2.8% | \$756.00 | 1.1% |
| 1999 | \$764.90 | 21.4% | \$894.93 | 18.4% |
| 2000 | \$810.10 | 5.9% | \$915.41 | 2.3% |
| 2001 | \$920.03 | 13.6% | \$1,012.03 | 10.6% |
| 2002 | \$893.08 | -2.9% | \$973.46 | -3.8% |
| 2003 | \$941.07 | 5.4% | \$997.53 | 2.5% |
| 2004 | \$1,041.77 | 10.7% | \$1,073.02 | 7.6% |
| 2005 | \$1,021.79 | -1.9% | \$1,021.79 | -4.8% |

* Inflation-adjusted dollars based on Consumer Price Index, where \$1.00 in 2005 equals \$1.65 in 1988.

MINNESOTA FOUNDATION ASSETS, 1988-2005
DOLLARS IN BILLIONS

| Year | Actual Dollars | | Inflation-Adjusted Dollars* | |
|------|----------------|----------|-----------------------------|----------|
| | Amount | % Change | Amount | % Change |
| 1988 | \$3.21 | | \$5.30 | |
| 1990 | \$3.30 | 2.8% | \$4.92 | -7.2% |
| 1992 | \$4.66 | 41.2% | \$6.48 | 31.7% |
| 1994 | \$4.88 | 4.7% | \$6.44 | -0.6% |
| 1995 | \$6.22 | 27.5% | \$7.96 | 23.6% |
| 1997 | \$8.20 | 31.8% | \$10.00 | 25.7% |
| 1998 | \$9.12 | 11.2% | \$10.94 | 9.4% |
| 1999 | \$10.57 | 15.9% | \$12.37 | 13.0% |
| 2000 | \$12.10 | 14.5% | \$13.67 | 10.6% |
| 2001 | \$11.36 | -6.1% | \$12.50 | -8.6% |
| 2002 | \$11.58 | 1.9% | \$12.62 | 1.0% |
| 2003 | \$13.46 | 16.2% | \$14.27 | 13.0% |
| 2004 | \$14.67 | 9.0% | \$15.11 | 5.9% |
| 2005 | \$15.74 | 7.3% | \$15.74 | 4.2% |

* Inflation-adjusted dollars based on Consumer Price Index, where \$1.00 in 2005 equals \$1.65 in 1988.

MINNESOTA GRANTMAKING BY GRANTMAKER SIZE, 2005*

| Total Grants Paid | Number of Grantmakers | | Grants Paid | | Assets | |
|---------------------|-----------------------|-------------|------------------------|--------------|-------------------------|--------------|
| | Grantmakers | % of Total | Grants Paid | % of Total | Assets | % of Total |
| Over \$5 million | 32 | 2.3% | \$676,457,267 | 66.2% | \$8,750,528,592 | 55.6% |
| \$1-\$5 million | 97 | 7.0% | \$187,162,015 | 18.3% | \$4,363,594,669 | 27.7% |
| Subtotal | 129 | 9.4% | \$863,619,282 | 84.5% | \$13,114,123,261 | 83.3% |
| \$500,000-\$999,999 | 85 | 6.2% | \$59,677,083 | 5.8% | \$917,050,829 | 5.8% |
| \$250,000-\$499,999 | 121 | 8.8% | \$43,574,165 | 4.3% | \$737,118,002 | 4.7% |
| \$100,000-\$249,999 | 188 | 13.6% | \$29,659,152 | 2.9% | \$465,602,695 | 3.0% |
| \$50,000-\$99,999 | 195 | 14.2% | \$13,979,509 | 1.4% | \$228,506,354 | 1.5% |
| \$25,000-\$49,999 | 191 | 13.9% | \$7,105,822 | 0.7% | \$134,617,535 | 0.9% |
| Under \$25,000 | 469 | 34.0% | \$4,175,653 | 0.4% | \$147,901,800 | 0.9% |
| Total | 1,378 | | \$1,021,790,666 | | \$15,744,920,476 | |

* Includes program-related investments.

less than the 9-percent increase the previous year and similar to the national average of 7.1 percent.⁵ Since growth in a foundation's assets in one year can lead to an increase in the foundation's grantmaking a year or more in the future, the increase in Minnesota assets in 2004 and 2005 could be an indication of some increases in grant dollars in a few years.

Congressional District 5 Received Most Grants

Congressional District 5, which includes Minneapolis and surrounding suburban areas, received the most grants (\$537 million) from the state's foundations and corporate givers in 2005, followed by Congressional District 4 (\$240 million), which covers St. Paul and its surrounding suburbs. The remainder of the districts each received less than \$100 million in grants. Congressional District 7, which covers most of the western side of the state, received the smallest amount of grant dollars, at \$8.5 million.

GRANTMAKING BY SUBJECT AREA⁶

Disaster Relief Propels Human Services to Top Spot

As in previous years, Human Services, Education and Public Affairs/Society Benefit were the three subject areas receiving the largest shares of the state's 2005 grant dollars.

Human Services' share of Minnesota grant dollars continued to increase, from 22 percent (the second-largest share) in 2004 to 25 percent (the largest share) in 2005. The increase is partly due to grantmaking for disaster relief, as the South Asia tsunami struck at the end of 2004 and Hurricanes Katrina and Rita occurred in 2005.

Continuing a multi-year trend, **Education's** share of the state's grant dollars decreased from 25 percent (the largest share) in 2004 to 21 percent (the second-largest share) in 2005. Total grant dollars to Education also declined in 2005.

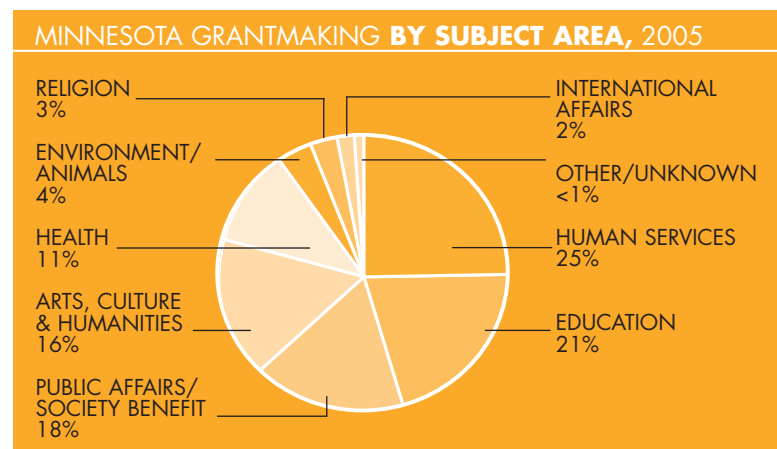
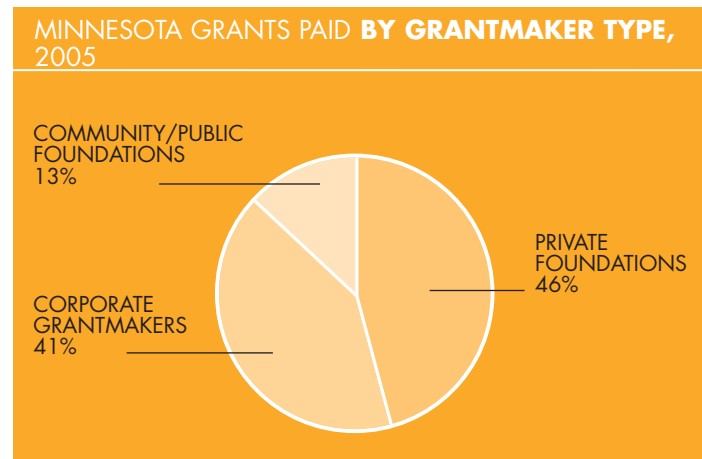
Public Affairs/Society Benefit continued to receive the third-largest share of grantmaking (18 percent), with a slight increase in share from 2004.

The share of grant dollars to **Religion** decreased by 2 percentage points in 2005, to 3 percent, after three consecutive years of a 5-percent share.

Both **Environment/Animals** (4-percent share) and **International Affairs** (2-percent share) saw an increase in their shares of the state's grant dollars for the first time since 2001, although by only 1 percent in each case. Total grant dollars to International Affairs doubled between 2004 and 2005.

Private Foundations Are Largest Givers in Most Subject Areas

Private foundations contributed the largest share of grant dollars for all subject areas except Arts, Culture & Humanities and Religion. The greatest differences by grantmaker type were for Environment/Animals and International Affairs, where private foundations gave 73 percent and 68 percent, respectively, of all grant dollars.



⁵ *Foundation Yearbook*, 2006 Edition, The Foundation Center.

⁶ Based on giving by the largest 100 Minnesota grantmakers by grants paid in 2005.

Corporate grantmakers gave the largest share of grant dollars for Arts, Culture & Humanities (44 percent), equal to private foundations' share. They also contributed nearly the same share of grant dollars for Education (44 percent) as did private foundations (45 percent), and contributed the lowest amount for Religion (8 percent).

Community/public foundations gave the largest share of grant dollars for Religion, representing just over half (51 percent) of all Religion grantmaking. In nearly all other subject areas, community/public foundations contributed the lowest share of grant dollars of the three grantmaker types.

Minnesota & National⁷ Grantmaking Comparisons by Subject Areas

Human Services ranked first in Minnesota; Education was first nationally. In 2005, the share of grants going to Human Services ranked first in Minnesota (25 percent), while Education ranked first nationally (24 percent). Holding the second rank, both with a 21 percent share, was Education at the state level and Health at the national level. Public Affairs/Society Benefit ranked third in both Minnesota (18 percent) and nationally (16 percent).

Large differences in Human Services & Health funding. In 2005, the greatest differences in funding for subject areas between Minnesota and the nation were in Human Services and Health. In Minnesota, Human Services received 25 percent of all grant dollars, compared to 15 percent at the national level. In contrast, Health received an 11-percent share in Minnesota, compared to 25 percent nationally. 2005 was the first year since 2001 that Education received a larger share at the national level than in Minnesota.

GRANTMAKING BY GEOGRAPHIC AREA⁷

In 2005, grantmakers gave 58 percent of their grant dollars to organizations serving Minnesota, with the Twin Cities Metropolitan Area receiving 33 percent of the grants; Greater Minnesota, 11 percent; and Minnesota Statewide, 14 percent.

The share of Minnesota grant dollars that stayed in the state declined slightly from 59 percent in

2004 to 58 percent in 2005, although the 2005 figure is still much higher than 2003 levels and is similar to figures throughout the 1990s. The share of grants to Greater Minnesota went down from 13 percent in 2004 to 11 percent in 2005, while giving statewide went up from 11 percent to 14 percent.

GRANTMAKING BY INTENDED BENEFICIARY^{8,9}

General Public/Unspecified Beneficiary group received the most grants. Minnesota grantmakers allotted their highest shares of 2005 grant dollars to benefit the General Public/Unspecified Beneficiary group.

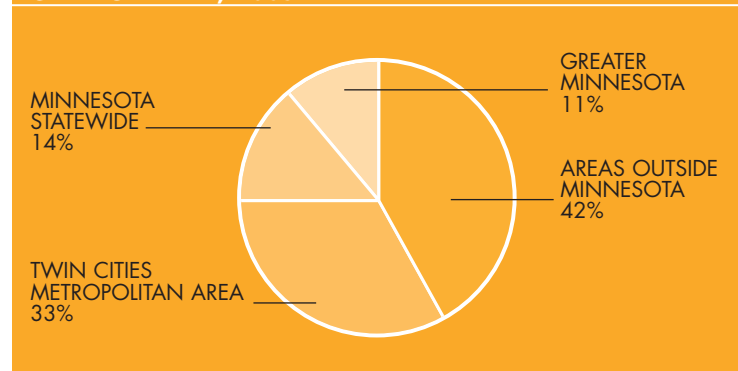
Fewer grants for Children & Youth. The state's grantmakers continued to devote their second-highest level of grant support to benefit Children & Youth, but their share of grant dollars to this category declined from 19 percent to 16 percent between 2004 and 2005.

SHARE OF GRANT DOLLARS BY SUBJECT AREA, MINNESOTA VS. NATIONAL, 2004-2005

| | Minnesota | | | National* | | |
|--------------------------------|-----------|------|----------|-----------|------|----------|
| | 2004 | 2005 | % Change | 2004 | 2005 | % Change |
| Arts, Culture & Humanities | 15% | 16% | 1% | 13% | 13% | 0% |
| Education | 25% | 21% | -4% | 23% | 24% | 1% |
| Environment/Animals | 3% | 4% | 1% | 5% | 6% | 1% |
| Health | 11% | 11% | 0% | 22% | 21% | -1% |
| Human Services | 22% | 25% | 3% | 14% | 15% | 1% |
| International Affairs | 1% | 2% | 1% | 3% | 4% | 1% |
| Public Affairs/Society Benefit | 17% | 18% | 1% | 17% | 16% | -1% |
| Religion | 5% | 3% | -1% | 2% | 3% | 1% |

* Foundation Giving Trends: Update on Funding Priorities, 2007 and 2006 Editions, The Foundation Center, New York.

MINNESOTA GRANTS BY GEOGRAPHIC SERVICE AREA, 2005



⁷ Foundation Giving Trends: Update on Funding Priorities, 2007 and 2006 Editions, The Foundation Center.

⁸ Based on giving by the 100 largest Minnesota grantmakers by grants paid in 2005.

⁹ Intended beneficiary may be counted in more than one category, and each is analyzed as a percentage of the total grant dollars.

Increased support for racial/ethnic groups, particularly Native Americans. The share of grants to benefit Native Americans/American Indians increased from 2 percent to 3 percent between 2004 and 2005. The share of grants also increased notably for Hispanics/Latinos, Asians/Pacific Islanders and African Americans/Blacks, although these three groups still received less than 1 percent of all 2005 grant dollars.

Drop in grantmaking for Poor/Economically Disadvantaged. Although the Poor/Economically Disadvantaged beneficiary group received the fifth-largest share of 2005 grant dollars, its share decreased from 4.5 percent in 2004 to 3.4 percent.

Trends by Grantmaker Type

Private foundations gave the largest portion of their 2005 grant dollars (56 percent) to the General Public/Unspecified beneficiary group, followed by Adults (12 percent) and Children & Youth (11 percent). From 2004 to 2005, private foundations nearly doubled their share of grant dollars going to Native Americans/American Indians (from 1.5 percent to 2.8 percent) and Hispanics/Latinos (from 0.6 percent to 1.1 percent). Conversely, their share of grants to benefit the Poor/Economically Disadvantaged group dropped by more than 2 percentage points (from 5.1 percent to 2.9 percent).

Corporate foundations and giving programs gave the largest share of their 2005 grant dollars (24 percent) to Children & Youth, a continuing trend in their giving. Between 2004 and 2005, corporate funders posted a notable increase in their share of grantmaking for Native Americans/American Indians (from 3.2 percent to 4.8 percent), and were the only grantmaker type to increase their giving to the Poor/Economically Disadvantaged group.

Community/public foundations were the only grantmaker type to increase their share of grant dollars for the Adults beneficiary group between 2004 and 2005 (from 7.8 percent to 9 percent). Like private foundations, community/public foundations' share of grants to benefit the Poor/Economically Disadvantaged group posted a notable decline (from 4.4 percent to 2.6 percent). Their 2005 grantmaking also included significant increases in funding to benefit Asians/Pacific Islanders and Immigrants/Newcomers/Refugees.

GRANTMAKING BY SUPPORT TYPE¹⁰

Most grants are for Program Support. For the third consecutive year, Minnesota grantmakers devoted the largest share of their grant dollars for Program Support (51 percent), followed by General Support (25 percent) and Capital Support (14 percent).

Drop in General/Operating & Capital Campaign Funding. The share of Minnesota grant dollars for General/Operating Support declined 4 percentage points between 2004 and 2005, from 25 percent to 21 percent, while the share for Capital Campaigns dropped 3 percentage points, from 12 percent to 9 percent.

Trends by Grantmaker Type

Private Foundations substantially increased their funding of Program Support in 2005, devoting more than half (51 percent) of their grantmaking for this type of support, up from 41 percent in 2004. They decreased their share of grant dollars for General Support and Capital Support by 5 percentage points each between 2004 and 2005, and increased their share of grant dollars for Student Aid Funds (from 7 percent to 9 percent).

Corporate foundations and giving programs were the only grantmaker type to increase their share of grant dollars for Capital Support between 2004 and 2005, from 10 percent to 15 percent. However, they decreased their funding of General Support, and their share of grant dollars for General/Operating Support dropped from 20 percent in 2004 to 17 percent in 2005.

Community/public foundations bolstered their share of giving for Program Support, with an increase from 42 percent in 2004 to 48 percent in 2005. However, their share of 2005 grant dollars for Capital Support and General Support declined by 9 percentage points and 2 percentage points, respectively, although they posted the smallest drop in General/Operating Support of the three grantmaker types.

Description of Giving in Minnesota Sample

The Giving in Minnesota sample consists of the 100 largest grantmakers in the state by grants paid. This sample accounted for about 78 percent of the total grantmaking in the state in 2005, despite comprising just 7 percent of the state's grantmakers. Analysis focused on the sample's \$704 million of grants made in amounts over \$2,000.

For a more complete description of the research methodology, go to mcf.org/gim.

¹⁰ Based on giving by the 100 largest Minnesota grantmakers by grants paid in 2005.