

# Giving in Minnesota 2003 Edition Summary

September 2003

The Minnesota Council on Foundations' detailed analysis of the state's 2001 grantmaking and philanthropy revealed the following highlights of Minnesota's charitable giving patterns and trends:

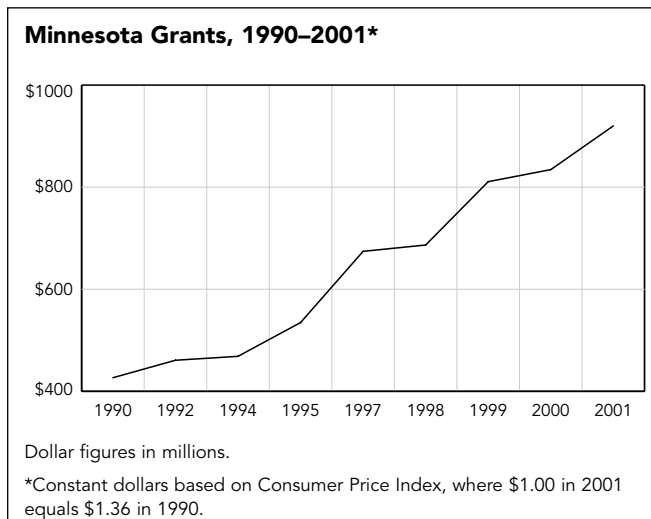
## Key Findings

### Minnesota Giving Overview

**Total giving declines.** In 2001, individuals, foundations and corporations in Minnesota contributed more than \$4.1 billion to nonprofit organizations — a 1 percent decline from the previous year in inflation-adjusted dollars.

**Foundation/corporate grants growth continues.** Minnesota's 1,227 active foundations and corporate grantmakers gave more than \$920 million to nonprofit organizations in 2001, an increase of 10.3 percent from 2000 in inflation-adjusted dollars.

**Record drop in foundation assets.** The assets of Minnesota's foundations totaled more than \$11.3 billion in 2001, an 8.8 percent decrease from the previous year in inflation-adjusted dollars. This is the first decline in the state's total foundation assets since 1994, and is the largest decline ever recorded by the Council.



**Individual giving declines.** Charitable giving by individuals in Minnesota decreased 3.9 percent to \$3.2 billion between 2000 and 2001 in inflation-adjusted dollars.

### Foundation and Corporate Giving Trends

#### **Grantmaking by Subject Area**

**Arts, Culture and Humanities grants rebound.** After reaching a low point in 1999, Arts grants increased 19 percent from 1999 to 2001 (adjusted for inflation).

**First-ever decline in Education grantmaking.** For the first time in the history of the Council's grantmaking research, grant dollars to Education declined over a two-year span (by 9 percent adjusted for inflation). Education's share of total grant dollars also dropped four percentage points.

**Growth in Health grants.** The share of Minnesota grantmaking devoted to Health was the largest since 1990, representing 7 percent of all grant dollars.

**Human Services reaches new high.** The share of Minnesota grant dollars for Human Services was at an all-time high of 25 percent in 2001.

#### **Grantmaking by Grantmaker Type**

**Similar grant growth.** All three types of grantmakers in Minnesota (private foundations, corporate grantmakers, community/public foundations) increased their grantmaking by similar percentages in 2001, and the share of grant dollars for each grantmaker type remained virtually the same.

### Minnesota Grantmaking at a Glance\*

	1997	1999	2000	2001
Total Grants Paid	\$674.30	\$810.79	\$834.40	\$920.03
Total Foundation Assets	\$9,027	\$11,200	\$12,460	\$11,362
Number of Grantmakers	863	1,007	1,196	1,227

Dollar figures in millions.

\*Constant dollars based on Consumer Price Index, where \$1.00 in 2001 equals \$1.07 in 1997.

## Giving by Individual Minnesotans\*

Year	Current \$		Constant \$	
	Amount	% Change	Amount	% Change
1999	\$2,960		\$3,147	
2000	\$3,255	10.0%	\$3,348	6.4%
2001	\$3,218	-1.1%	\$3,218	-3.9%

Dollar figures in millions.

\*Constant dollars based on Consumer Price Index, where \$1.00 in 2001 equals \$1.06 in 1999.

## Grantmaking by Geographic Area

**Grants to Minnesota hold steady.** Minnesota grantmakers gave 69 percent of their 2001 grant dollars to organizations located in the state, the same percentage as in 1997 and 1999.

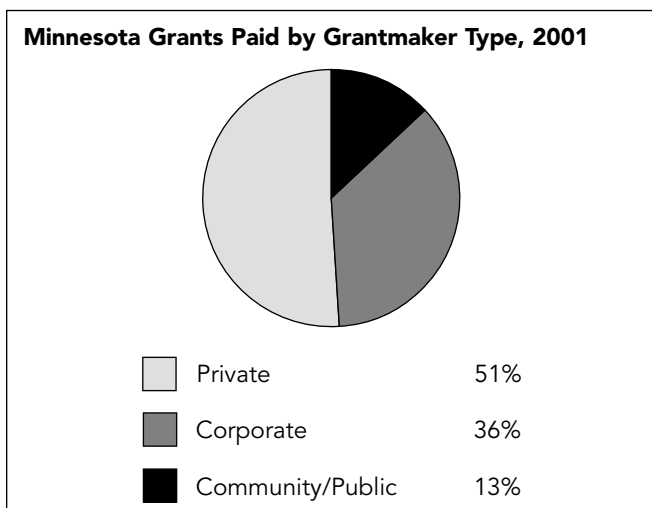
**Drop in Twin Cities funding.** The share of Minnesota grant dollars going to organizations serving just the Twin Cities — 30 percent — is the lowest ever recorded by the Council.

**National grants rise.** The share of Minnesota grant dollars going to organizations with a national service area was at an all-time high of 12 percent in 2001 — nearly double the percentage in 1999.

**Corporate grantmakers devote smaller share to Minnesota.** The share of 2001 corporate grant dollars going to organizations serving Minnesota was the lowest ever recorded by the Council (36 percent).

## Grantmaking by Intended Beneficiary

**Children, youth are top grant beneficiaries.** Except for the “General/Unspecified” category, Children and Youth received more grant dollars in 2001 than any other beneficiary population category with 20 percent of the total — up from 17 percent in 1999.



**American Indians post biggest gain.** The Native Americans/American Indians beneficiary group saw the biggest gain in share of grant dollars of all beneficiary groups, with an increase of three percentage points, due to funding from one foundation.

## Grantmaking by Support Type

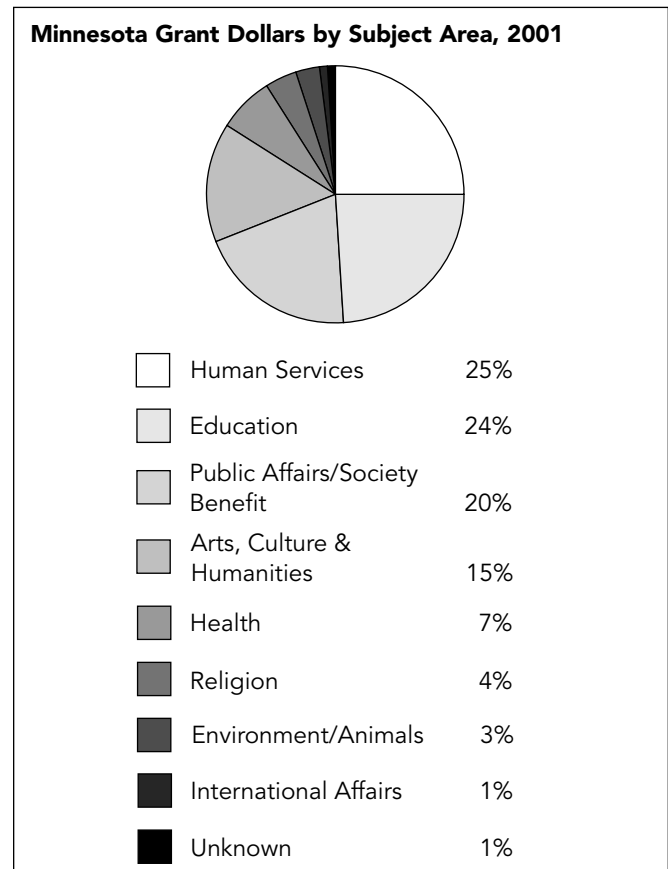
**General/operating support strong and growing.**

General/operating support grants increased 64 percent between 1999 and 2001 in Minnesota (adjusted for inflation), and the share of the state’s 2001 grant dollars devoted to general/operating support — 32 percent — was more than double the national average.

**Most grants for program support.** Program support/program development was awarded more than any other type of support, comprising 39 percent of all 2001 grant dollars, although this was down from 46 percent in 1999.

## Outlook for the Future

**Downward outlook for 2002 & 2003.** The slowdown in the nation’s economy likely had a negative effect on the state’s grantmaking dollars in 2002, a negative impact that will likely continue in 2003, resulting in flat or declining grantmaking dollars in both years.



# Minnesota Giving Overview

## Total Charitable Giving

Minnesota's charitable giving began to show signs of weakening in 2001, amid the tragic events of September 11 and the start of an economic recession. In some areas, Minnesota giving fared better than the nation as a whole, but in other areas it fared worse.

In 2001, individuals, foundations and corporations in Minnesota contributed more than \$4.1 billion to non-profit organizations working to address the many and varied unmet needs of the state's communities — a 1 percent decline from the previous year in inflation-adjusted dollars. This follows a 5.7 percent increase in total charitable giving between 1999 and 2000.

Individuals contributed 78 percent of the state's charitable dollars. The balance came from Minnesota's grant-making organizations: private foundations, corporate foundations and giving programs, and community/public foundations.

## Foundation & Corporate Giving

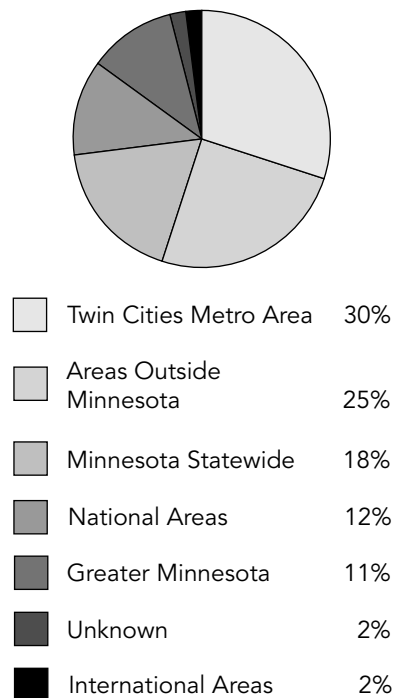
### **Grants Paid**

In 2001, Minnesota's 1,227 active foundations and corporate grantmakers gave more than \$920 million to non-profit organizations, an increase of 10.3 percent from 2000 in inflation-adjusted dollars. This increase is higher than the 2.9 percent increase between 1999 and 2000, and also is higher than the 7.6 percent increase nationwide<sup>1</sup>.

Although the nation's economy began to seriously weaken in early 2001 — and was exacerbated by the terrorist attacks of September 11, 2001 — there are several explanations for why grantmaking growth in Minnesota remained relatively strong in 2001.

A primary reason is that the state's 2001 grantmaking was reflecting the impact of the record-setting growth in grants and foundation assets in the late 1990s, fueled by the nation's economic and stock market boom. Most foundations base their future grant levels on an average of their past asset performance, typically for the past one to three years, so their 2001 grants reflected strong asset growth that continued into 2000.

**Grants by Geographic Service Area, 2001**



The strong grantmaking growth in 2001 is also due in part to the response of Minnesota grantmakers to the September 11 tragedy. The state's foundations and corporations gave nearly \$13.8 million to relief and recovery efforts and other purposes related to the September 11 attacks and their aftermath, according to the Foundation Center, a New York-based organization conducting research on foundations nationwide. Excluding this figure, the state's total grantmaking would have grown by 8.8 percent rather than 10.3 percent.

### **Foundation Assets**

The assets of Minnesota's foundations totaled more than \$11.3 billion in 2001, an 8.8 percent decrease from the previous year in inflation-adjusted dollars. This is the first drop in the state's total foundation assets since 1994, and is the largest decline ever recorded by the Council.

The asset decline in Minnesota in 2001 comes after double-digit increases since the mid-1990s, including an 11 percent annual increase in 2000. Minnesota's loss in the value of its foundation assets is higher than the nationwide decline in foundation assets of 4.6 percent in 2001.

The decline in the assets of the state's foundations is due primarily to the decline in the U.S. stock market that

<sup>1</sup>All references to national giving data throughout the report are from the following sources: Lawrence, Steven, Josefina Atienza and Leslie Marino. "Foundation Yearbook: Facts and Figures on Private and Community Foundations." The Foundation Center, 2003 edition; and Atienza, Josefina and Leslie Marino. "Foundation Giving Trends: Update on Funding Priorities." The Foundation Center, 2003 edition.

began in 2001. The poor performance of stocks overall resulted in losses in the dollar value of most foundations' assets, which are the primary source for their future grant dollars.

### **Number of Grantmakers**

The number of grantmakers in Minnesota continued to grow in 2001, although at a slower pace than in the late 1990s. In 2001, there were 1,227 active foundations and corporate grantmakers in the state, which is 31 more than in 2000. This net increase is much smaller than the increase of 189 new grantmakers between 1999 and 2000, indicating a possible slowdown in the creation of new foundations and corporate giving programs in the state.

Between 1999 and 2001, private foundations experienced the largest percentage growth of the three main types of grantmakers, increasing in numbers from 862 to 1,057 — a 22.6 percent increase. In large part, this growth reflects the continuing popularity of private family foundations as a charitable giving vehicle for donors and their families. The number of corporate grantmakers and community/public foundations also increased by healthy percentages during this two-year period, at 17.9 percent and 16.4 percent respectively.

### **Individual Giving**

As noted above, giving by individuals in Minnesota decreased 3.9 percent to \$3.2 billion between 2000 and 2001 in inflation-adjusted dollars, following an increase of 6.4 percent between 1999 and 2000. This decline in individual giving in Minnesota is higher than the nationwide decrease of 0.9 percent in individual giving in 2001, according to the annual *Giving USA* report.

More Minnesotans appear to have given to charity in 2001 than in 2000, according to IRS data, so the decline in individual giving in 2001 is likely due to people giving smaller amounts to charity. The number of Minnesotans who claimed charitable contributions on their tax forms increased from 869,570 in 2000 to 900,813 in 2001, but the average charitable contribution per return (of those with itemized charitable contributions) decreased from \$3,070 to \$2,929.

### **Outlook for 2002 & 2003**

This report analyzes charitable giving and grantmaking in Minnesota for the year 2001. According to surveys of the Council's members in 2002 and 2003, the slowdown in the nation's economy likely had a negative effect on the state's grantmaking dollars in 2002. And this negative impact will likely continue in 2003, resulting in flat or declining grantmaking dollars in both years.

In a November 2002 *Outlook Survey* of Council members, who represent about 60 percent of the state's private grant dollars, 53 percent expected their grants to decline in 2003. As this *Giving in Minnesota* report shows, the state's foundation assets began declining in 2001 due to the weak U.S. economy and stock market, and this slide apparently continued in 2002. According to the Council survey, most Minnesota foundations (89 percent) reported declines in their assets in 2002, with nearly half reporting drops of 15 percent or more. Since assets are the source of future grantmaking dollars for private foundations, this decline in assets will likely lead to declines in foundation grant dollars in 2002 and 2003. ■

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### **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**

The complete *Giving in Minnesota* report, 2003 edition is 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 Web site at [www.mcf.org](http://www.mcf.org) (select "Resources"), where you can also download a free summary of the *Giving in Minnesota* report. Or contact the Council at 612/338-1989, [info@mcf.org](mailto:info@mcf.org).

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