

2012 OUTLOOK REPORT

To assess the outlook for grantmaking in Minnesota in 2012, the Minnesota Council on Foundations (MCF) conducted its annual Outlook survey, asking foundations and corporate giving programs to predict how their 2012 giving will compare to 2011. A total of 104 organizations responded, representing about 76 percent of annual grantmaking in the state.

Key Findings:

- Overall, Minnesota grantmakers predict a relatively stable 2012, with grantmaking estimated to be flat or increase about one percent from 2011.
- Giving by the largest grantmakers – those that give more than \$10 million annually – is also estimated to remain relatively flat in 2012.
- Many foundations anticipate that assets will rise in 2012: 45 percent expect their assets to increase, while 39 percent predict they will stay the same. Most grantmakers who expect higher assets forecast increases to be less than 5 percent.
- A strong majority (70 percent) of grantmakers expects to continue with current grantmaking priorities and programs in 2012, compared with 61 percent in 2011 versus 2010, as reported in MCF's *2011 Outlook Report*.
- Twenty-three of 77 education funders surveyed predict they will increase their giving to education in 2012. Arts, culture, and humanities is the only subject area to which more grantmakers expect to decrease funding than plan to increase it.



MINNESOTA COUNCIL
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Minnesota Grantmaking Stable in 2012

Despite ongoing political and economic uncertainty, Minnesota foundations and corporations predict a relatively steady giving climate in 2012. Based on survey responses, Minnesota grantmaking is estimated to be flat or increase modestly – about one percent – in 2012 compared to 2011. This is nearly the same as the prediction for 2011 from 2010, as reported in MCF’s 2011 Outlook Report.

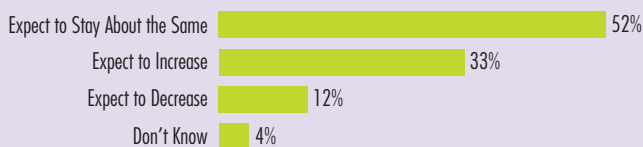
Just over half – 52 percent – of survey respondents forecast that their grantmaking will stay about the same in 2012 (see Figure A). Thirty-three percent of grantmakers plan to give more, and 12 percent expect to lower their giving. These responses are remarkably similar to responses from last year’s survey, when 51 percent of grantmakers predicted their grantmaking would remain the same in 2011 versus 2010 and 35 percent expected to increase giving.

Most grantmakers expecting to boost their giving project moderate increases in the 1- to 4-percent range, but some grantmakers plan to increase more significantly (see Figure B). Twenty-four percent of the grantmakers surveyed intend to increase giving by 1 to 9 percent, while just 9 percent of respondents expect to boost giving 10 percent or more.

Few major shifts were reported by individual grantmakers. Only two percent of responding grantmakers expect to decrease funding by 30 percent or more; these grantmakers grant less than \$1 million each year. The 3 percent of grantmakers that anticipate increasing funding by 30 percent or more grant between \$1 and \$10 million annually.

FIGURE A

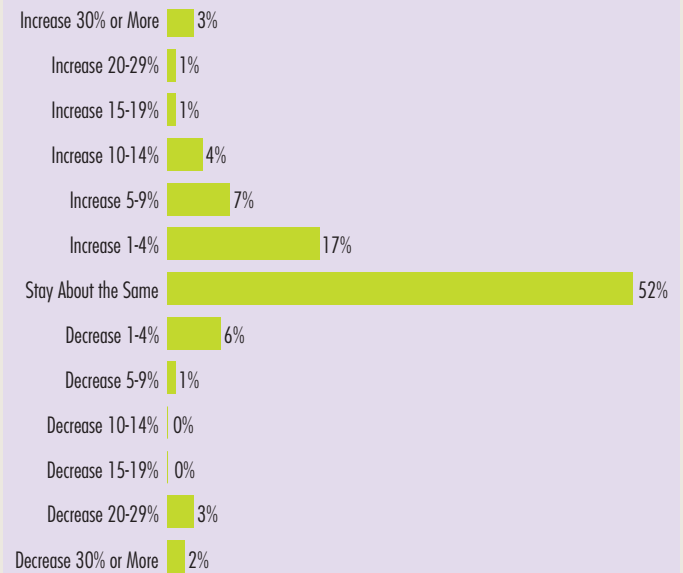
Anticipated Grantmaking Changes in 2012 vs. 2011*



*Due to rounding, figures do not add up to 100%

FIGURE B

Anticipated Grantmaking Changes in 2012 vs. 2011*



* Due to rounding, figures do not add up to 100%.

Overall Steady Giving by Largest Grantmakers

Giving by the largest grantmakers – the 23 respondents granting more than \$10 million annually – is also estimated to remain relatively flat in 2012, decreasing by less than 1 percent. This variance from the main sample is primarily driven by one large grantmaker that expects a decrease of 20-29 percent in 2012. When this grantmaker is excluded, the anticipated 2012 giving of Minnesota’s largest grantmakers is in line with the complete sample.

Less than half of large grantmakers – 39 percent – expect their giving to remain the same in 2012 (see Figure C). Thirty-five percent project increases, and 22 percent anticipate decreases. But with one exception, all of the projected changes are for 10 percent or less.

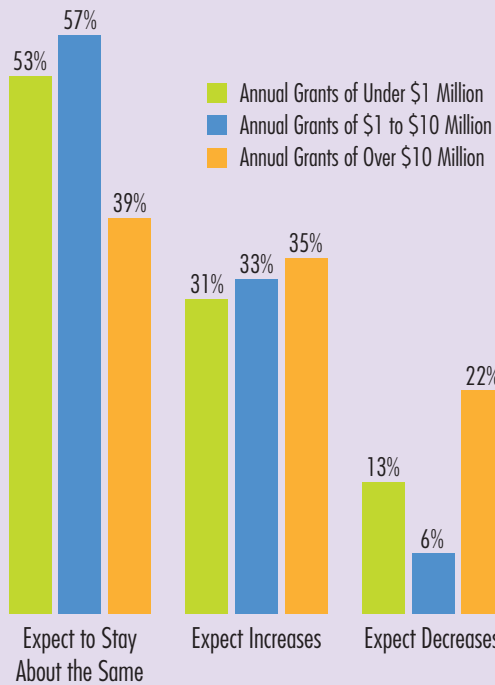
“The demands on our grantmaking funds continue to increase...the decisions become more and more difficult.”

– Mid-size Community/Public Grantmaker

Small and mid-size organizations, those granting up to \$10 million annually, are more likely than large grantmakers to expect their giving to stay about the same in 2012, and they are less likely to anticipate decreases in giving.

FIGURE C

Anticipated Grantmaking Changes in 2012 vs. 2011 by Grantmaker Size



Some Grantmakers Anticipate Fewer, Larger Grants

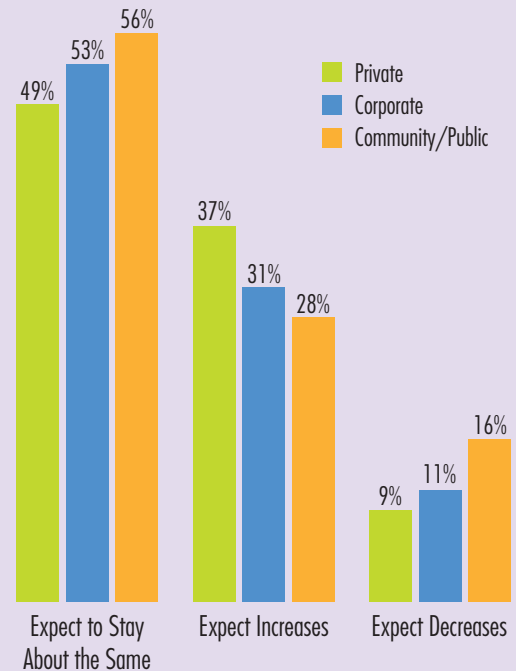
Many foundations and corporate giving programs state that the number and the size of their grants will stay the same in 2012, but other grantmakers, particularly large ones, report plans to give fewer grants overall, but to increase grant sizes. Of the 16 grantmakers that plan to decrease the *number* of grants they award, 9 of them – 4 of whom grant \$10 million per year or more – plan to increase the *size* of their grants. One small corporate grantmaker notes, “Our foundation and corporate giving contributions will remain the same year over year. The only change may be fewer grants of larger dollar amounts via our foundation.”

Private Foundations Most Likely to Expect Increases

Private foundations are more likely to forecast increases in their 2012 grantmaking than are their corporate or community/public counterparts (see Figure D). Community/public foundations are most likely to expect their grantmaking to stay about the same. About 10 percent of private and corporate grantmakers expect their giving to decline in 2012, while 16 percent of community/public foundations expect decreases.

FIGURE D

Anticipated Grantmaking Changes in 2012 vs. 2011 by Grantmaker Type



“We will remain focused on the basic needs of families and individuals, and programs to help people find employment.”

– Mid-size Independent Grantmaker

Assets Expected to Grow in 2012

Many foundations anticipate their assets will rise in 2012. Eighty-four of the 104 grantmakers responding to this year's survey report having assets; of these, 45 percent expect asset increases, while 39 percent predict assets will stay the same and 10 percent anticipate decreases (see Figure E). Most grantmakers who expect higher assets in 2012 predict increases of less than 5 percent (see Figure F). Grantmakers in the *2011 Outlook Report* were more optimistic: 58 percent predicted asset increases in 2011 from 2010.

FIGURE E

Anticipated Changes in Grantmaker Assets in 2012 vs. 2011*

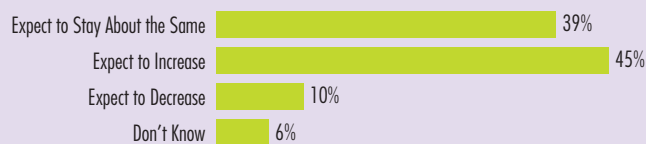
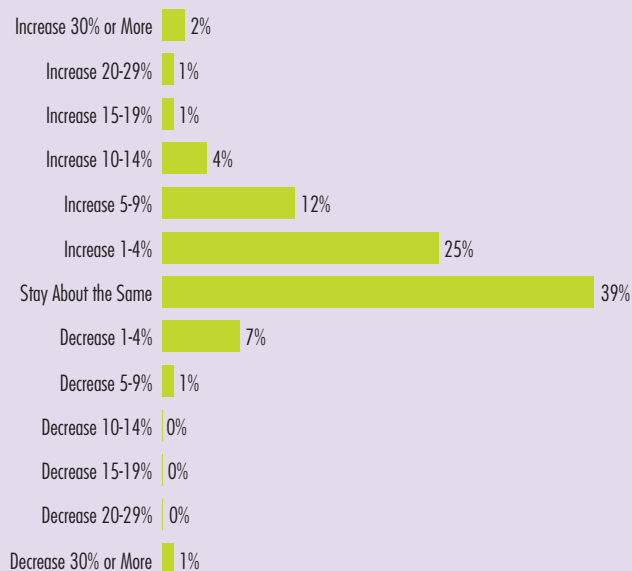


FIGURE F

Anticipated Changes in Grantmaker Assets in 2012 vs. 2011*



* Due to rounding, figures do not add up to 100%.

Use of Non-cash Support Strategies Growing

When asked about other philanthropic strategies they will employ to meet their missions, grantmakers gave multiple responses. Sixty-four percent of respondents cited nonmonetary support to nonprofits, such as technical and capacity-building assistance, volunteers, in-kind products or services, and more.

Nearly two-thirds (62 percent) of respondents plan to join formal or informal coalitions of grantmakers, nonprofits, and/or government agencies in 2012. As one small family foundation reported, it will strive toward "less staff time reviewing proposals, and more relationship building between Directors and nonprofits."

Just over one-third (35 percent) stated that they plan to make program-related investments (PRIs). Twenty-two percent plan on making mission-related investments (MRIs), up from 16 percent in 2011, as reported in MCF's *2011 Outlook Report*. One mid-size family foundation executive noted, "We continue to believe that 'the other 95%' is a critical conversation, which we are pursuing both internally and externally." Nearly one-third also reported pursuing public policy and advocacy activities.

Several corporate grantmakers noted that in 2012 they plan a new focus on employee engagement. One medium-size corporate grantmaker described deepening partnerships with several grantees: "It not only means financial assistance to the organization but also employee engagement (volunteerism)."

Finally, several grantmakers expressed concerns about reduced government spending and political logjams in St. Paul and Washington, D.C. Noted one community/public foundation executive, "With the cutbacks in government spending, nonprofit organizations are becoming more dependent on getting funding from foundations like ours."

Grantmaker Giving Priorities Remain Constant

A strong majority (70 percent) of grantmakers expects to continue with current grantmaking priorities and programs in 2012, compared with 61 percent in 2011 versus 2010, as reported in MCF's *2011 Outlook Report*. Just 13 percent anticipate making long-term changes.

For the first time this year, MCF asked grantmakers to estimate if their 2012 giving to the subject areas that they support will increase, decrease, or remain the same. (Grantmakers did not share *by how much* they expect their giving to increase or decrease within each subject area.) Reflecting their predictions for stable 2012 grantmaking as a whole, most respondents plan no changes in their 2012 giving to their select subject area(s) (see Figure G).

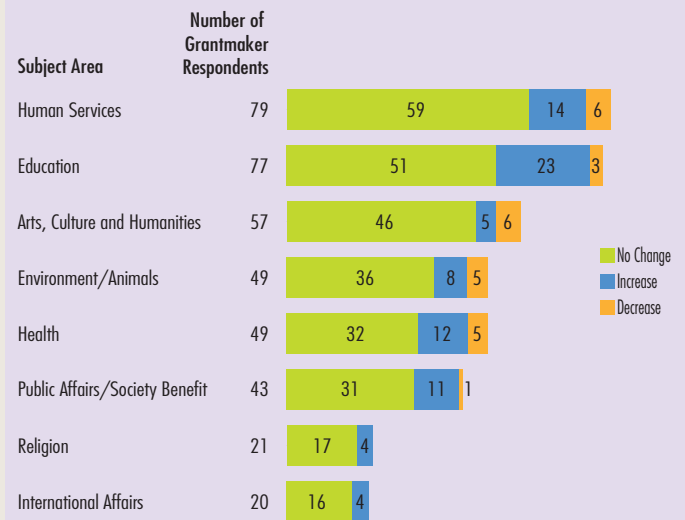
Still, some grantmakers do predict subject area funding changes. In particular, 23 of the 77 education funders responding to the survey predict they will increase their giving to education in 2012. Seventy-nine of 104 survey respondents reported that they give to human services; of these, a strong majority plan no change to their 2012 funding to this subject area.

Of the eight subject areas, only religion and international affairs had no grantmakers report planned decreases in giving.

Arts, culture, and humanities is the only subject area to which more grantmakers expect to decrease funding than plan to increase it. Six grantmakers of various sizes plan to reduce in their arts grantmaking in 2012.

FIGURE G

Anticipated Changes in 2012 vs. 2011 by Subject Area



“Our commitment remains strong to community engagement and charitable giving.”

– Large Corporate Grantmaker

“The strategy is to deepen relationships with current grantees and to work collaboratively with other NGOs and funders to achieve foundation goals.”

– Mid-size Family Grantmaker



About This Report

The *2012 Outlook Report* summarizes grantmaker survey responses provided to MCF in October and November 2011. While responses indicate the overall sentiment about the outlook for grantmaking in 2012, changing economic indicators and other unanticipated factors may affect philanthropic giving in the coming year.

Survey responses came from a wide range of sizes and types of grantmakers, including 43 private foundations, 36 corporate foundations and giving programs, and 25 community and public foundations.

Of the 104 foundations and corporate grantmakers who completed the survey, most are MCF members, but respondents also included several other large organizations. Respondents represent 7 percent of all Minnesota grantmakers, 76 percent (\$1.03 billion) of all Minnesota annual grantmaking, and 56 percent (\$10.3 billion) of Minnesota foundation assets, as reported in MCF's *2011 Giving in Minnesota* report.

Eighty-one of the 104 respondents reported that they granted \$10 million or less in 2011. The 23 respondents who reported they granted \$10 million or more represent approximately 85 percent of the grant dollars reported on here.

Eighty-four of the 104 respondents reported they have assets. Of those, 16 reported assets of less than \$10 million in 2011, 31 have assets between \$10 million and \$50 million, and 37 have assets over \$50 million.



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