

Update on Funding for Higher and Graduate Educational Institutions

by Steven Lawrence and Leslie Marino

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For nearly three decades, the Foundation Center has sought to enhance understanding of the philanthropic sector by gathering comprehensive data on U.S. grantmaking foundations and preparing analyses of the size, scope, and giving patterns of the foundation community. This *Update on Funding for Higher and Graduate Educational Institutions* continues that tradition with a brief examination of the growth and distribution of foundation support for these institutions from the late 1990s through the early years of the new millennium.

Estimated Funding, 1997 to 2002

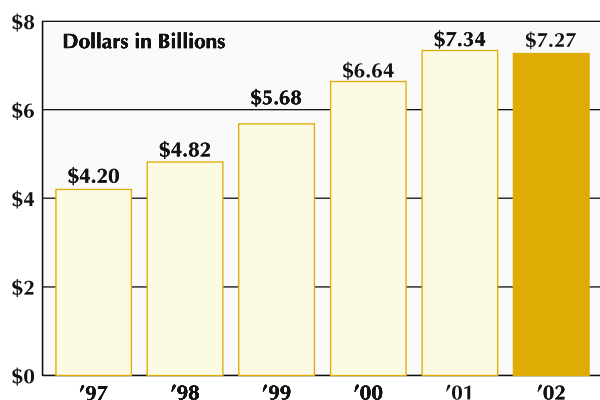
The nation's grantmaking foundations provided an estimated \$7.27 billion to colleges, community colleges, universities, professional schools, and graduate schools in 2002. This represented a 73 percent (\$3.1 billion) rise—54 percent after inflation—over the \$4.2 billion they awarded to these institutions in 1997. Despite this strong growth, the gain in support for higher and graduate educational institutions fell behind the 89.5 percent jump in overall foundation giving during this period.

Estimated funding for higher, graduate, and professional educational institutions grew consistently between 1997 and 2001. A strong economy and booming stock market (which boosted the value of existing foundation assets) and record numbers of new foundations contributed to the remarkable growth in foundation giving through 2000. Despite the deepening economic and stock market downturn

in 2001, foundation support continued to increase. Helping to boost giving were large, multi-year grant commitments made during the prosperous years of the late-1990s; newly active foundations established at the tail end of the boom; and the commitment of many funders to maintaining stable levels of giving for their grantees, especially in the face of government cutbacks. Higher demand resulting from ongoing fundraising campaigns at colleges and universities also fueled growth.

Three consecutive years of stock market declines and a sluggish economy caught up with foundations in 2002. Estimated U.S. foundation giving slipped 0.7 percent from 2001, while support for higher and graduate educational institutions decreased 1 percent. Among factors contributing to this slightly faster dip in support was a decrease in the number of extremely large, multi-year commitments—the majority of which support capital projects and endowments. In addition, many of the large commitments made in the late 1990s were paid out by 2001, and funders were reluctant to make new multi-year commitments until their endowments recovered. Higher and graduate educational institutions were also less likely to be the recipients of giving for relief and recovery in the wake of the 9/11 attacks—a factor that contributed to the more modest decrease in overall foundation giving. Nonetheless, foundation giving for higher, graduate, and professional educational institutions in 2002 was almost \$630 million higher than in 2000, and these institutions continued to account for by far the largest share of foundation support.

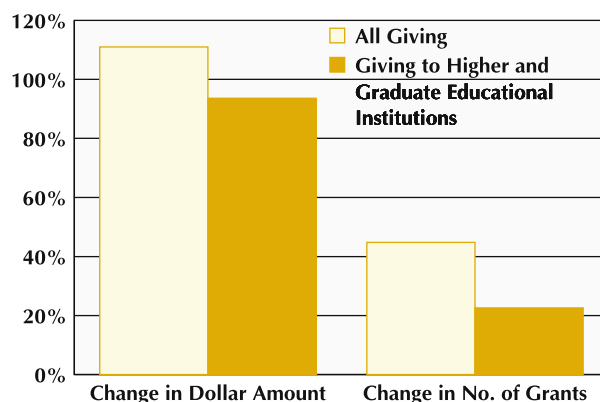
Estimated foundation giving for higher and graduate educational institutions grew by \$3 billion between 1997 and 2002*



Source: The Foundation Center, *Update on Funding for Higher and Graduate Educational Institutions*, 2003.

*All figures based on current dollars.

Support for higher and graduate educational institutions grew more slowly than overall giving between 1997 and 2001



Source: The Foundation Center, *Update on Funding for Higher and Graduate Educational Institutions*, 2003. Based on a sample of more than 1,000 larger foundations.

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Funding Trends through 2001

The following analysis shifts from estimates of total foundation giving to higher and graduate educational institutions to an examination of funding trends based on actual grant records of \$10,000 or more reported by an annual sample of just over 1,000 of the largest U.S. foundations.

U.S. foundation support for higher, graduate, and professional educational institutions increased steadily between 1997 and 2001. These institutions also benefited from the largest share of foundation support by recipient type, although that share decreased modestly during this period.

In 2001, funders in the Foundation Center's grants sample directed 25.6 percent of their grant dollars and 14.7 percent of their grants to higher and graduate educational institutions. In terms of actual dollars, sampled foundations awarded nearly \$4.3 billion for higher and graduate educational institutions, close to double the \$2.2 billion awarded in 1997. Still, growth in overall grant dollars in the sample surpassed increases reported for higher and graduate educational institutions (111 percent vs. 93.6 percent). Among types of recipient organizations experiencing the fastest growth in support during this period were disease-specific health associations, public/general health organizations, mental health agencies, and environmental organizations. Similarly, while sampled funders increased the number of grants they awarded to higher and graduate educational institutions by 22.6 percent (from 14,946 to 18,321), the number of grants in the overall sample climbed 44.8 percent.

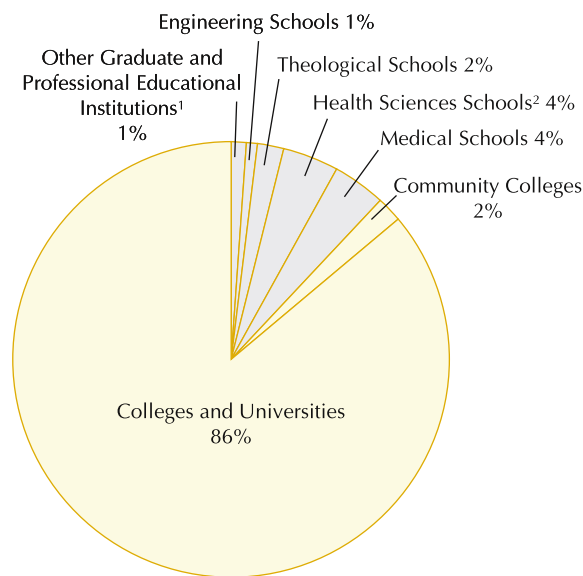
Five foundations accounted for more than two-fifths of the increase in giving for higher and graduate educational institutions between 1997 and 2001. The William and Flora Hewlett Foundation (CA) far surpassed all other grant-makers by rate of growth and actual dollar increase during this period. The Hewlett Foundation directed \$449.4 million to higher and graduate educational institutions in 2001, or more than one-in-ten grant dollars serving these institutions. Four years earlier, the foundation awarded just \$12.1 million to higher and graduate educational institutions. Most of the tremendous growth in giving by the Hewlett Foundation was due to an exceptional \$400 million grant to Stanford University for unrestricted endowment support, as well as to support professorships, graduate fellowships, and undergraduate scholarships and programs.

Giving to higher and graduate educational institutions by the second-ranked Lilly Endowment (IN) also grew rapidly. In the latest sample, the foundation targeted \$212.8 million for higher and graduate educational institutions, more than three and one-half times the \$59.2 million it reported in 1997. Other funders reporting at least \$80 million increases in giving for higher and graduate educational institutions included the Ford Foundation (NY), Robert Wood Johnson Foundation (NJ), and Robert W. Woodruff Foundation (GA).

Finally, while a handful of foundations accounted for a large share of overall giving for higher and graduate educational institutions, these institutions enjoyed very broad support. Overall, more than nine out of ten foundations in the 2001 sample awarded grants to higher and graduate educational institutions.

Giving by Type of Institution. Colleges and universities and community colleges accounted for close to nine out of ten grant dollars (87.8 percent) targeting higher and graduate educational institutions in 2001. Not surprisingly, 88 of the top 100 recipients

Colleges and universities accounted for close to four out of five foundation grant dollars for higher and graduate educational institutions in 2001



Percent of Grant Dollars

Source: The Foundation Center, *Update on Funding for Higher and Graduate Educational Institutions*, 2003. Based on a sample of 1,007 larger foundations.

¹Includes funding for Graduate/Professional Schools, Business/Management Schools, Law Schools, Nursing Schools, Teacher Training Institutions, Schools of Social Work, and Graduate/Professional School Reform.

²Includes funding for graduate and professional institutions such as Biomedical Sciences/Engineering Schools, Schools of Pharmacology, and Schools of Public Health.

of foundation support for higher and graduate educational institutions were colleges or universities, led by Stanford University (\$504.8 million), Harvard University (\$141.5 million), and New York University (\$109 million). Medical schools and health sciences schools received the next largest shares of grant dollars (4.3 percent and 4.2 percent, respectively), with the Atlanta-based Robert W. Woodruff Health Sciences Center garnering the largest amount of support (\$88.8 million). Of the remaining types of institutions, only theological and engineering schools benefited from at least 1 percent of grant dollars.

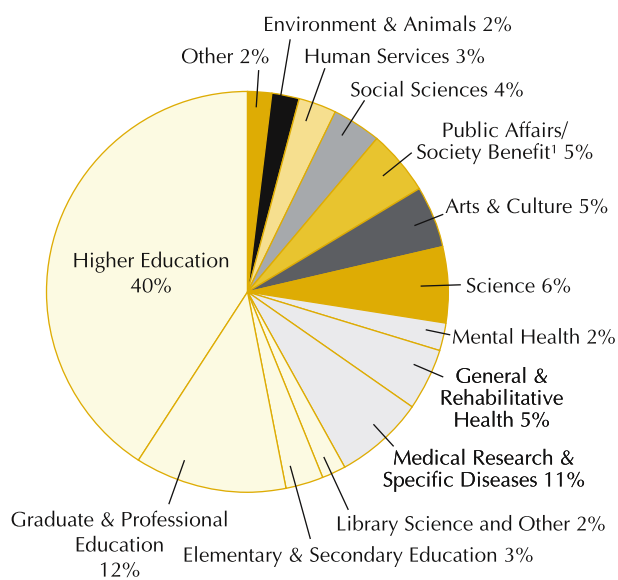
Giving by Field or Discipline. Most funding for colleges, universities, and professional schools provides broad support for higher or graduate education through institutional or program support. These institutions also serve as hosts to programs and research centers spanning a range of disciplines, such as public policy and the sciences. In addition, many of these institutions operate museums, theaters, and even day care centers. As a result, while the majority (52.2 percent) of grant dollars awarded by sampled foundations to higher and graduate educational institutions broadly specified higher and graduate education as their primary purpose,¹ the balance was directed to specific programs and activities ranging from health, to the arts, to the environment.

1. In 2001, sampled foundations provided an additional \$59.5 million for higher and graduate education to recipients other than higher and graduate educational institutions. Over 23 percent of these grant dollars were directed to scholarship and financial aid services, while another 14.2 percent supported educational testing organizations (e.g., the College Board). An additional 12.1 percent of giving funded higher and graduate education research and public policy institutes.

The health field benefited from the largest share of grant dollars targeted to specific fields or disciplines in 2001 (16.8 percent), with medical research and specific diseases, and general and rehabilitative health care representing the biggest subcategories. Science, arts and culture, and public affairs/society benefit followed, with each receiving at least 5 percent of dollars supporting higher and graduate educational institutions. Within science, the majority of dollars targeted general science as well as physical and earth science, while the humanities and performing arts were the principal beneficiaries of arts support.

Public affairs/society benefit—which includes community improvement and development, civil rights and social action, philanthropy and voluntarism, and public affairs—realized the fastest increase in grant dollars between 1997 and 2001, tripling from \$63.9 million to \$193.3 million. Several exceptionally large public affairs grants to academic institutions contributed to this tremendous growth, led by the Ford Foundation’s \$50 million grant to the John F. Kennedy School of Government at Harvard University to endow its Innovations in American Government Awards Program and to establish a new Institute for Government Innovation at School. Funding for college- and university-based environmental programs followed, with grant dollars climbing 138.6 percent in the latest four-year period. Funding for health programs and medical education also benefited from above-average growth between 1997 and 2001. Among health subfields, specific diseases, medical research, and mental health programs showed the fastest rates of increase in support.

Higher Education programs accounted for the largest share of foundation grant dollars for higher and graduate educational institutions in 2001



Percent of Grant Dollars

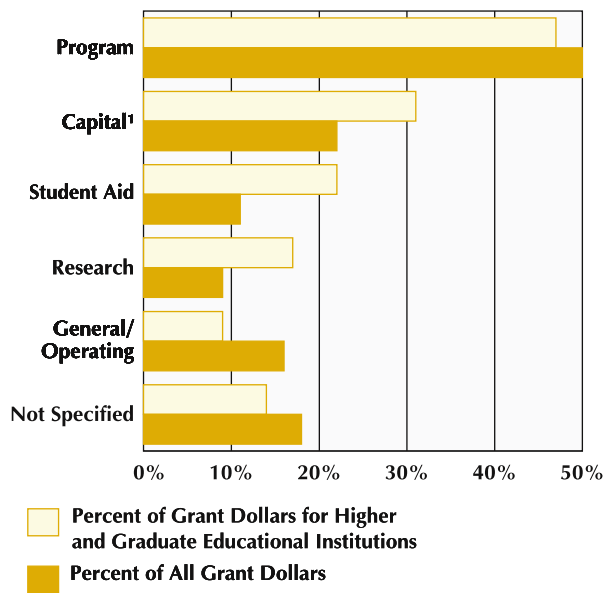
Source: The Foundation Center, *Update on Funding for Higher and Graduate Educational Institutions*, 2003. Based on a sample of 1,007 larger foundations.

¹Includes civil rights and social action, community improvement, philanthropy and voluntarism, and public affairs.

Giving by Types of Support. Foundations represent an important source of capital support for educational institutions. They directed more than three-in-ten of their 2001 grant dollars for this purpose, compared to roughly one-in-five grant dollars in the overall sample. Not surprisingly, giving for higher and graduate educational institutions in the 2001 sample was also much more likely to fund student aid and research. Funding for capital support (e.g., building and renovations, endowments, and debt reduction) and research doubled between 1997 and 2001, while foundation support for student aid funds more than quadrupled within the same time period. In contrast, higher and graduate educational institutions received a much smaller share of their grant dollars as general or operating support, compared to giving in the overall sample (9.1 percent vs. 15.9 percent).

Giving by Population Group. Foundation giving for higher and graduate educational institutions is far less likely to target specific population groups. Close to nine out of ten grant dollars awarded to these institutions by sampled foundations did not specify a particular population group or lacked sufficient detail to code them for a specific population group. By comparison, more than one-third of overall grant dollars were coded for a beneficiary group. This finding may in part suggest that foundations rely on educational institutions to ensure diversity among the beneficiaries of their support. Of grant dollars for higher and graduate educational institutions directed to specific groups, program and research activities related to children and youth accounted

Higher and graduate educational institutions received larger shares of foundation support for capital projects, student aid, and research than recipients overall in 2001*



Source: The Foundation Center, *Update on Funding for Higher and Graduate Educational Institutions*, 2003. Based on a sample of 1,007 larger foundations.

*Includes types of support representing at least 9.1 percent of grant dollars for higher and graduate educational institutions.

¹Capital support includes endowment funds.

Top Ten U.S. Foundations by Grant Dollars to Higher and Graduate Educational Institutions, 2001

Foundation Name	Fdn. Type ¹	State	Dollar Amount	No. of Grants	Primary Higher and Graduate Education Focus Areas ²
1. William and Flora Hewlett Foundation	IN	CA	\$449,388,500	164	Seeks greater quality and equality of higher educational opportunity in the U.S. and overseas through support for improved classroom instruction and access to educational content via information technology; support also for policy analysis and public education to improve community colleges in CA.
2. Lilly Endowment	IN	IN	212,829,340	163	Supports higher education programs focused on raising the educational attainment of Indiana citizens; support also for private, historically black colleges and universities.
3. Robert Wood Johnson Foundation	IN	NJ	210,913,511	310	Provides support to improve nursing education and other medical training.
4. Ford Foundation	IN	NY	146,620,327	493	Seeks to increase educational access for the disadvantaged, educate new leaders, and foster education supportive of inclusion, development, and civic life.
5. Robert W. Woodruff Foundation	IN	GA	105,046,151	9	Supports higher education and health education in GA, primarily through capital grants.
6. Andrew W. Mellon Foundation	IN	NY	96,244,193	274	Seeks to strengthen private research universities in the U.S., with particular emphasis on the humanities and related social sciences; support also for historically black colleges and universities.
7. Starr Foundation	IN	NY	83,696,000	116	Primarily supports scholarship funds at colleges and universities.
8. Pew Charitable Trusts	IN	PA	81,972,000	47	Supports higher education reform, biomedical research and training, and the integration of religion and Christian scholars into U.S. higher education.
9. Whitaker Foundation	IN	VA	75,622,728	123	The foundation has phased out most of its programs as it approaches termination in 2006. It provided support for biomedical engineering education.
10. David and Lucile Packard Foundation	IN	CA	70,420,032	200	See footnote.

Source: The Foundation Center, *Update on Funding for Higher and Graduate Educational Institutions*, 2003. Based on a sample of 1,007 larger foundations.

¹IN = Independent

²The Packard Foundation does not specifically focus on higher, graduate, or professional education. However, it does provide funding for projects and research conducted at higher and graduate educational institutions related to its mission. Among the foundations that do directly fund higher and graduate education programs, the majority of their funding for higher and graduate educational institutions may relate to non-education foundation programs.

for the largest share (8.1 percent), followed by those concerning ethnic or racial minorities (5.6 percent), and women and girls (3.6 percent). Among the largest awards focused on children and youth in 2001 was a \$3.5 million grant from the Robert Wood Johnson Foundation to Harvard University for a follow-up study of adolescents who participated in the Infant Health and Development Program.

Giving by Funder Location. Foundations in the Northeast provided over one-third (35.5 percent) of grant dollars targeting higher and graduate educational institutions in 2001, followed by funders in the West (23.5 percent). Overall, five Northeastern foundations ranked among the top ten funders for higher and graduate educational institutions in the latest sample, including the Ford, Robert Wood Johnson, Andrew W. Mellon (NY), and Starr (NY) foundations and the Pew Charitable Trusts (PA). Not surprisingly given the concentration of higher and graduate educational institutions in the region, recipient organizations in the Northeast also received the largest shares of grant dollars and number of grants—28.8 percent and 30.7 percent, respectively. Recipients in the West followed by share of grant dollars (26.3 percent), while institutions in the South followed by share of the total number of grants (26.6 percent).

Giving by Geographic Focus. Most grant dollars awarded to higher and graduate educational institutions in the 2001 sample (91.7 percent) supported organizations located in the United States and its territories for educational activities and projects with a domestic focus. Funding directed to U.S.-based institutions from international or global programs totaled 5 percent of grant dollars, compared to 14.7 percent of overall giving. Support for overseas higher and graduate educational institutions, however, represented a more similar share (3.2 percent vs. 3.8 percent). Moreover, the share of number of grants directed to higher and graduate educational institutions overseas was higher than in the overall sample (4.7 percent vs. 3.8 percent).

2001 Sampling Base

The Foundation Center's circa 2001 grants sample includes 124,844 grants of \$10,000 or more awarded by 1,007 leading foundations and reported to the Center between June 2001 and July 2002. Grants were awarded primarily in 2001 or 2000. These grants totaled \$16.8 billion and represented more than half of total grant dollars awarded by all U.S. independent, corporate, community, and grantmaking operating foundations. See Appendix A in *Foundation Giving Trends*, 2003 Edition, for complete sampling information.