

## Foundations' Share of Private Philanthropy, 1998

### Sources of Private Contributions

- Individuals provide more than four-fifths of private contributions
- Foundations account for highest share of private contributions on record
- Excluding giving for religion, foundations represent more than one-sixth of private contributions

Given the large number of foundations, and the attention paid to a few highly visible grantmaker programs, grantseekers and journalists often overestimate the role that foundations play in the nonprofit sector. In fact, foundation giving represents a modest portion of all private contributions, which in turn account for a relatively small percentage of the overall income of America's nonprofits.

According to estimates published in *Giving USA*, private contributions from all sources totaled \$174.5 billion in 1998 (Figure P1 and Table P1), representing 2.1 percent of the Gross Domestic Product.<sup>1</sup> The largest portion of these contributions—\$148.5 billion or

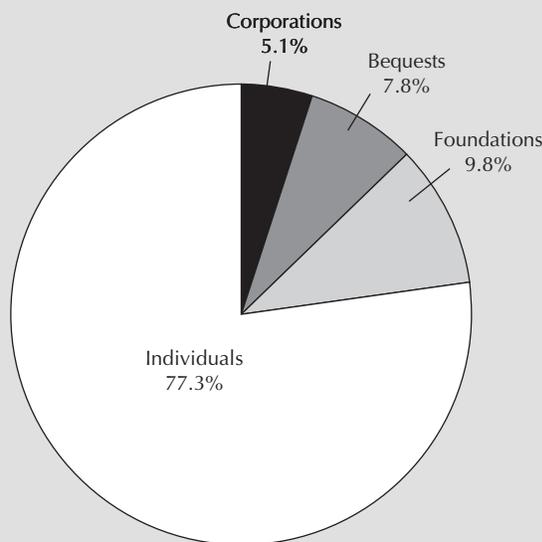
85.1 percent—came from individual donors either through gifts (77.3 percent) or bequests (7.8 percent). Independent, community, and grantmaking operating foundations were responsible for another 9.8 percent of total estimated private giving—the highest share on record—while the remaining 5.1 percent came from corporations and corporate foundations. (If corporate foundation grant dollars are added to those of other foundations, the share rises to 11.2 percent for foundations.)

Individuals thus provide the vast majority of philanthropic donations, nearly six times that provided by foundations and businesses combined. Yet these proportions are somewhat misleading. It bears noting that just over three-fifths of giving from individuals is for the benefit of religious congregations, primarily, although far from exclusively, for sacramental purposes. Consequently, if religion is excluded from the private giving denominator, foundations' and corporations' share of support for the nonprofit public-benefit service sector increases significantly.<sup>2</sup>

For example, *Giving USA* estimates that 43.6 percent of private contributions in 1998—\$76.1 billion—went to religion, most of it in gifts from individuals to their congregations. If religion is excluded, then independent and community foundations' share of the remaining \$98.4 billion in contributions jumps to 17.4 percent. While still relatively modest, this proportion nevertheless presents a far more accurate measure of all U.S. foundation support as a percent of overall private funding in the fields in which they are most active (e.g., education, human services, health, and the arts).

1. Kaplan, A. *Giving USA 1999: The Annual Report on Philanthropy for the Year 1998*. New York: AAFRC Trust for Philanthropy, 1999.

FIGURE P1. Distribution of Private Philanthropic Giving, 1998\*



Source: *Giving USA*, New York: AAFRC Trust for Philanthropy, 1999.  
\*Figures based on estimates. Corporate data include corporate foundation giving.

2. Salamon, L. *America's Nonprofit Sector: A Primer*. New York: Foundation Center, 1992. Revised edition published in 1999.

TABLE P1. 1998 Private Philanthropic Giving (Dollars in billions)

Source	Amount	%
Individuals	\$134.8	77.3
Independent and Community Foundations	17.1	9.8
Bequests	13.6	7.8
Corporations/Corporate Foundations	9.0 <sup>1</sup>	5.1
<b>Total</b>	<b>\$174.5</b>	<b>100.0</b>

Source: *Giving USA*, New York: AAFRC Trust for Philanthropy, 1999. Figures based on estimates.

<sup>1</sup>Of total estimated corporate giving for 1998, \$2.4 billion (26.7%) was paid through corporate foundations (see Table 2).

Foundation giving as a proportion of the whole philanthropic pie grew rapidly during the 1960s and then reached a peak in 1970. Throughout the 1970s, restrictive government regulations, inflation, and a shrinking asset base effectively reduced the role of foundations. With the easing of some government restrictions in the 1980s, a soaring stock market, and thousands of new foundations helping to raise asset values, foundation giving as a share of private contributions inched back up and continued to rise in the 1990s. In fact, between 1975 and 1998, inflation-adjusted growth in giving by independent and community foundations far outpaced increases reported for other types of private giving (Figure P2). As a result, independent and community foundations raised their share of all private philanthropic giving to a record 9.8 percent, up from 8.8 percent in 1997 (Figure P3).

Corporate contributions, including corporate foundation giving, grew quickly between 1975 and 1986 and then experienced several years of decline. While support offered through corporate giving programs and corporate foundations has grown in the 1990s (see the “Corporate Foundations” analysis in Chapter 3), this growth has often not matched increases reported by non-corporate foundations and individuals. Still, between 1975 and 1998, growth in corporate giving exceeded the overall increases reported for individuals and bequests during this period.

As a share of all private support, corporate philanthropy surpassed non-corporate foundations in 1984. However, the 1987 stock market crash, corporate downsizing, deep losses in some industries

during the recession of the early 1990s, numerous mergers, and continued challenges to corporate giving (often deemed by stockholders as too controversial or outside of the company’s interests) pointed to a reduced role for business in American philanthropy. In addition, more corporations are channeling their charitable support through corporate sponsorships and other forms of corporate marketing, which are not reflected in figures for charitable giving.

The record growth in actual 1998 and estimated 1999 corporate foundation giving suggests a possible reversal of the decline in corporations’ share of all private philanthropy. Nonetheless, based on 1998 estimates, corporate contributions slipped to 5.1 percent of total philanthropic giving, the lowest level reported since 1991 (Figure P3).

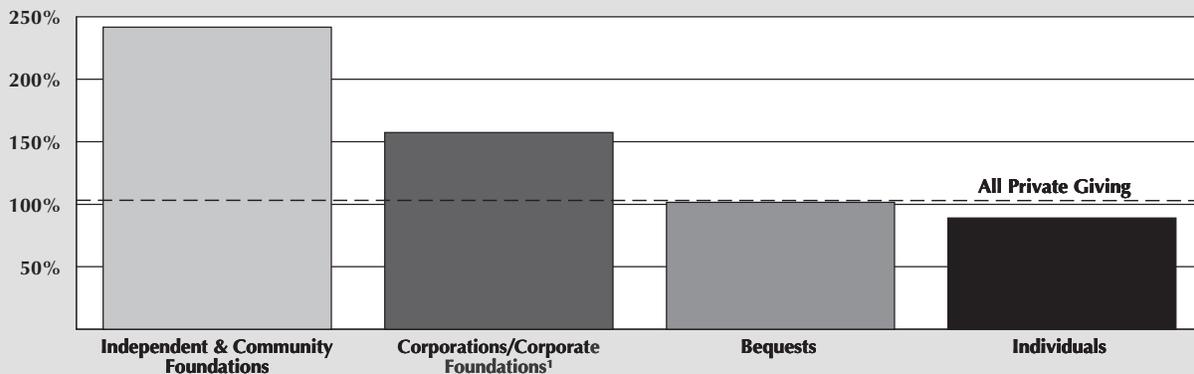
### Sources of Income by Subsector

- Private contributions account for less than one-fifth of nonprofits’ income
- Private support most important for arts and civic affairs organizations

Private giving from all sources—individuals, foundations, and corporations—accounts for only a fraction of overall nonprofit income. In 1996, the latest year for which data is available, nonprofit income (including church revenues), was estimated at \$621.4 billion, up 22 percent from 1992.<sup>3</sup> Of that total, less than one-fifth (18.9 percent) came from

3. Hodgkinson, V., et al. “The State of the Independent Sector: Overview and Highlights.” Washington, DC: INDEPENDENT SECTOR, 1998.

FIGURE P2. Growth of Private Philanthropic Giving by Source, 1975 to 1998\*



Source: *Giving USA*. New York: AAFRC Trust for Philanthropy, 1999. Figures for 1998 based on estimates.

\*Figures based on adjusted dollars. Constant 1975 dollars based on annual average Consumer Price Index, all urban consumers, U.S. Department of Labor Bureau of Labor Statistics, as of March 2000.

<sup>1</sup>Figures include direct corporate giving as well as giving by corporate foundations.

private contributions, compared to nearly one-half (49.4 percent) from earned income, including fees and other charges for services, income from endowments, and other receipts. The final one-third (31.7 percent) came from federal, state, and local governments.<sup>4</sup>

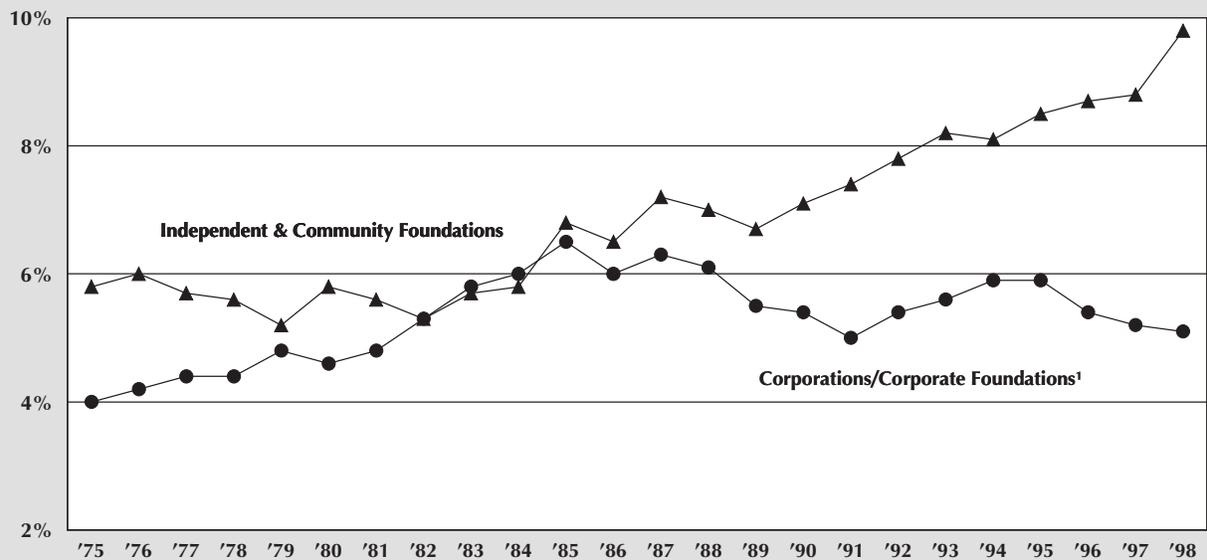
The proportion of annual income—both operating and capital—derived from these major sources of revenue differed widely by sector. For example, private donations in 1996 accounted for less than 4 percent of health agencies' income, nearly 13 percent for educational organizations, 20 percent for social service agencies, 35 percent for civic affairs

organizations, and 40 percent for arts organizations. In the arts subsector, however, the high proportion of private contributions as a percent of income included gifts of expensive art objects donated at current market value to museums and other large capital gifts. If those gifts were excluded, private donations would represent a smaller share of income. Still, foundation giving, as one source of private support, is going to be far more important to the average arts organization than to the average health organization.

For a more detailed analysis of the role of private philanthropy in supporting the nonprofit community, see "Foundations' Share of Private Philanthropy" in the "Trends & Analysis" section of the Foundation Center's Web site at [www.fdncenter.org](http://www.fdncenter.org).

4. Figures provided by INDEPENDENT SECTOR, 1998.

**FIGURE P3. Percentage of Private Philanthropic Giving by Independent and Community Foundations and Corporations/Corporate Foundations, 1975 to 1998\***



Source: *Giving USA*. New York: AAFRC Trust for Philanthropy, 1999. Figures for 1998 based on estimates.

\*At least four out of five private philanthropic dollars were provided each year by living donors and through bequests.

<sup>1</sup>Figures include direct corporate giving as well as giving by corporate foundations.