

The Center on Philanthropy at Indiana University

Increasing the understanding of philanthropy, improving its practice and enhancing participation in philanthropy.

Giving in Kansas City

July 9, 2009

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Thank you to our funders who generously sponsored this report:

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The Center on Philanthropy

- Largest, most comprehensive academic center **devoted to increasing the understanding of philanthropy and improving its practice.**
 - Staff ~ 50
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- Core program areas include:
 - Research
 - Academic Programs (M.A. & Ph. D. programs)
 - The Fund Raising School
 - Public Affairs
 - The Lake Institute
 - Women's Philanthropy Institute

The Center on Philanthropy Research

- National Giving Studies – for example:
 - Center on Philanthropy Panel Study (COPPS)
 - *Giving USA* written and researched under contract for the *Giving USA* Foundation.
 - High Net Worth Philanthropy – Bank of America
 - Online giving – American Express
 - Corporate giving – Target
 - Corporate Community Investment – Chamber of Commerce
- Local/regional giving studies – for example:
 - Atlanta/Georgia Gives, Kansas City Gives, Giving in Memphis, Giving in Indianapolis/Indiana, Chicago/Illinois Gives, St. Louis Gives (Gateway to Giving)
- Evaluation of the effectiveness: NFL's Youth Football Fund & Senior living facilities in PA, MI, and OH
- Administrative and Fundraising Overhead studies: *Nonprofit Overhead Cost Study & Paying for Overhead*

Methodology

- The goal of *Giving in Kansas City* is to report the sources, recipients, and scope of giving in the Kansas City MSA.
- This study involved research on four forms of charitable giving to nonprofit organizations: individual giving, bequest giving, foundation grants, and corporate donations.
- Methodologies used for conducting the study.
 - To analyze households giving in Kansas City, the Center conducted a random digit dialing telephone survey of residents.
 - To estimate bequest and corporate giving the Center conducted a mail survey of nonprofit organizations. Corporate giving was also supplemented by information on corporate foundations and a new service that records gifts from corporations from organization's annual reports.
 - The Center used public records available about foundation grantmaking including Foundation Center data, FoundationSearch.com information, IRS Forms 990-PF, and annual reports of foundations to develop list of foundation grantmaking in the region.

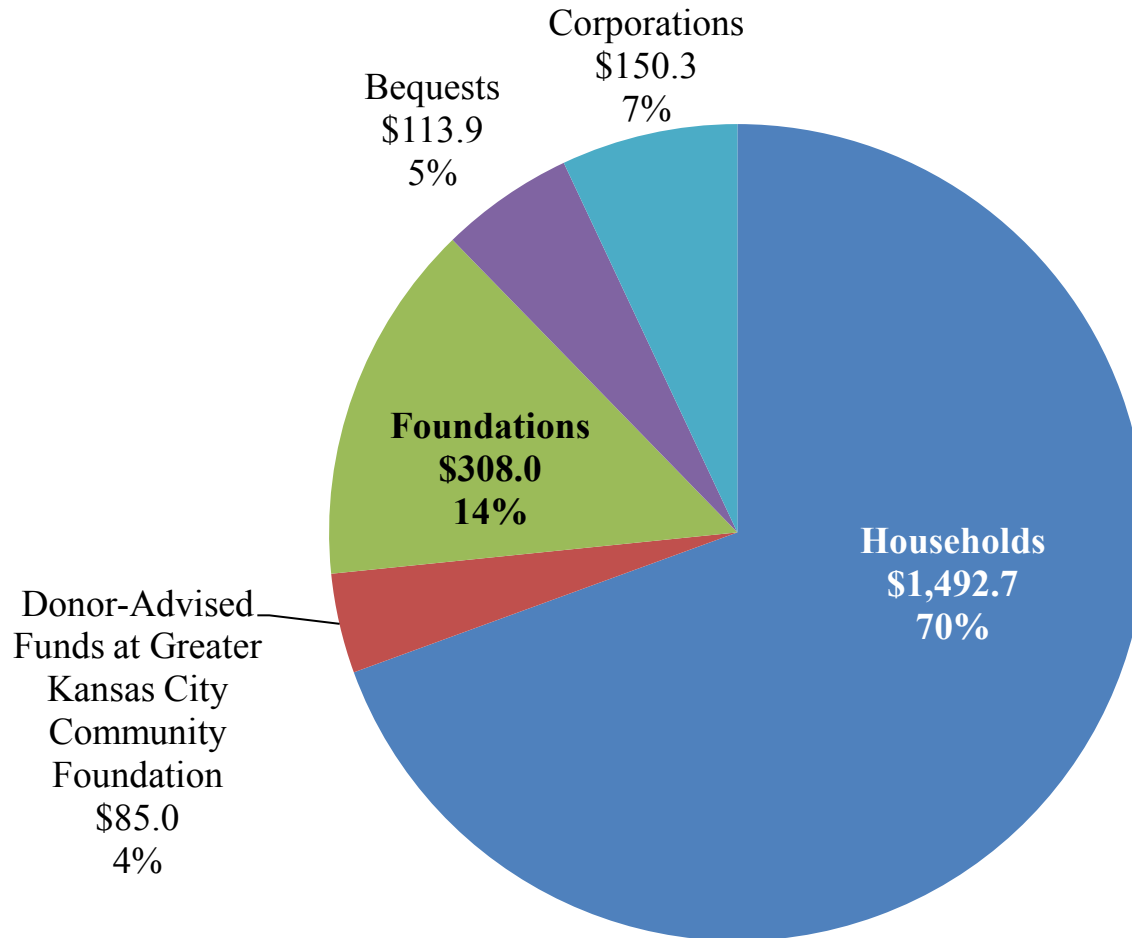
Kansas City

- 1.98 million estimated population in 2007
 - Second largest metropolitan area in Missouri
 - Largest metropolitan area in Kansas
 - Kansas City has approximately 0.7% of the total U.S. population as of 2007
- \$53,508 median household income, above the national average of \$50,740
- 10.2% of people live in poverty, below the national average of 12.9%.
- There are more than 7,500 nonprofits in the metro Kansas City area, according to the Midwest Center for Nonprofit Leadership.

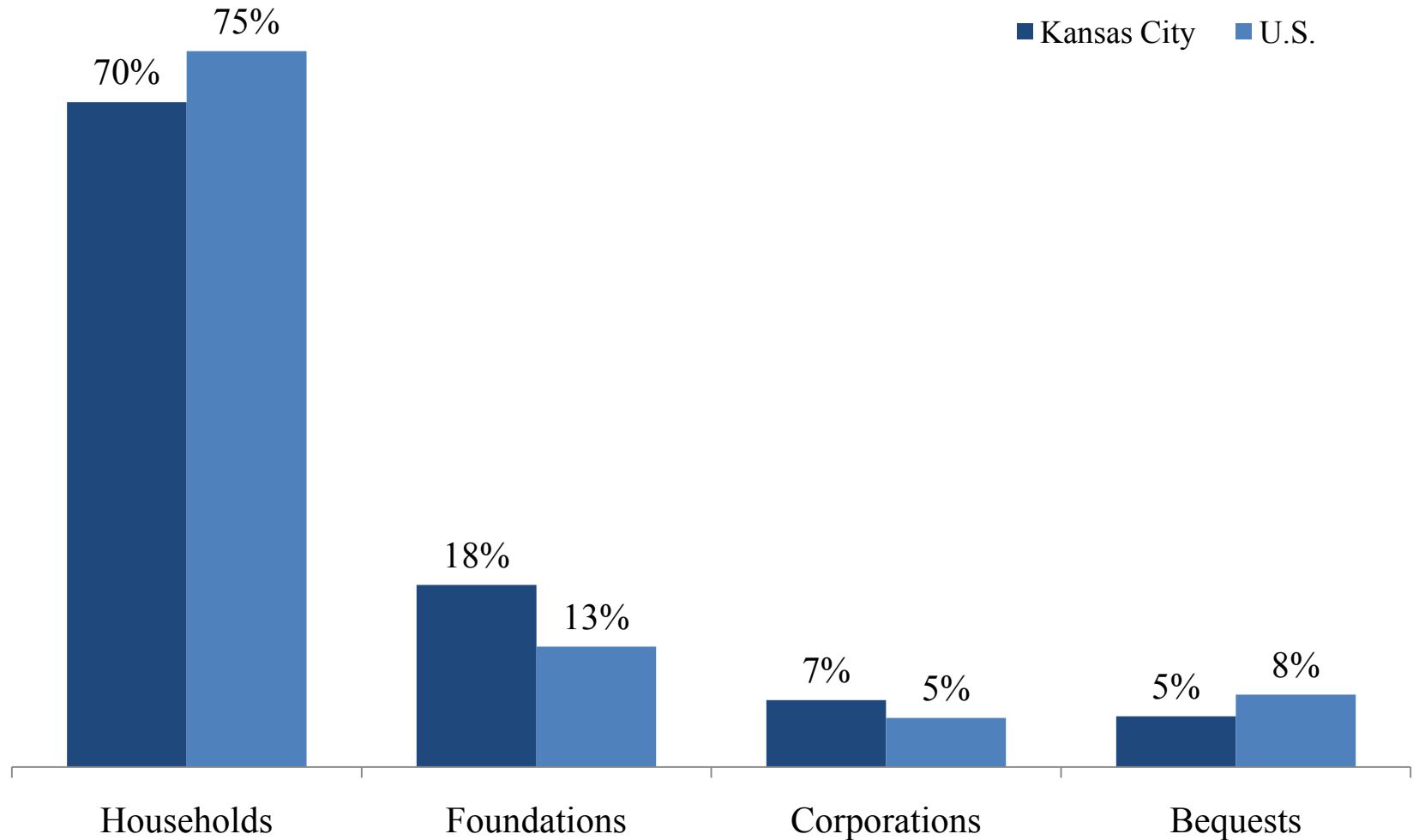
Total Giving as Share of all U.S. Giving

- Estimated total giving by all sources (households, bequests, foundations, corporations) for the Kansas City area is \$2.15 billion.
- This is 0.7% of total U.S. giving for 2007 (\$306.39 billion).
- Kansas City has approximately 0.7% of the total U.S. population as of 2007.

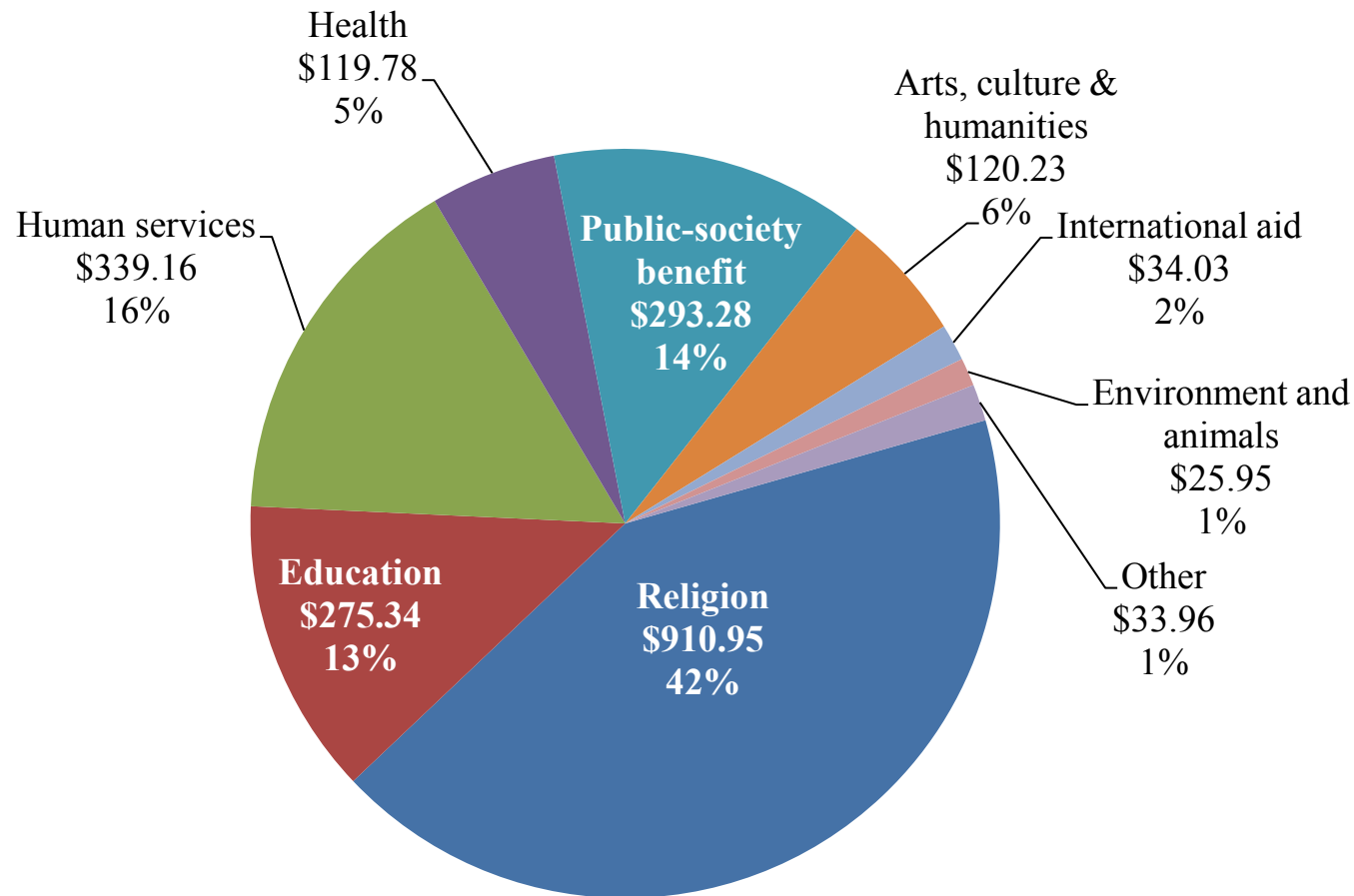
Kansas City-Area Donations by Source of Contribution, 2007,
Total = \$2.15 Billion
(dollars in millions)



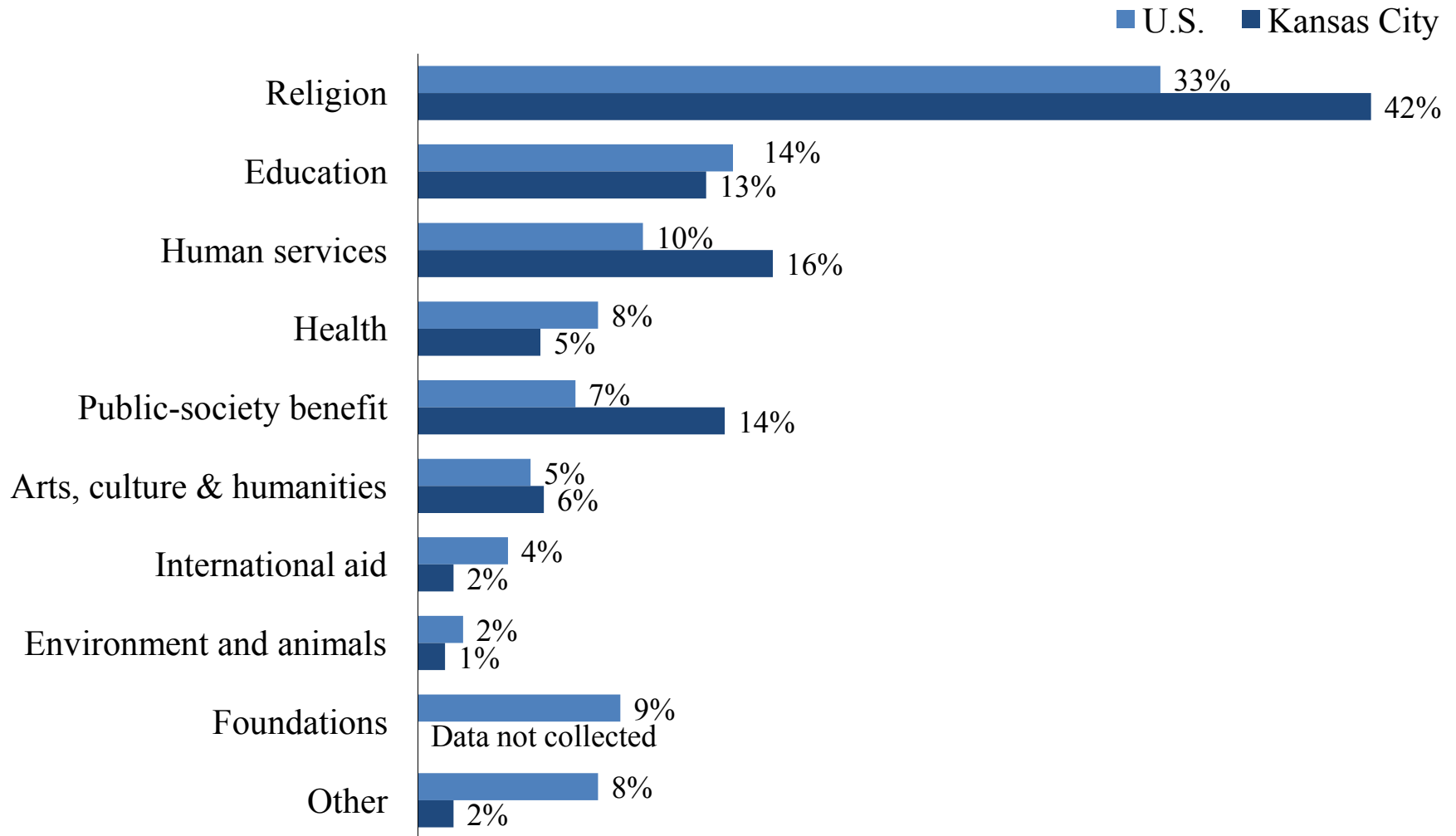
Source of Contributions, Kansas City Compared with the U.S., 2007



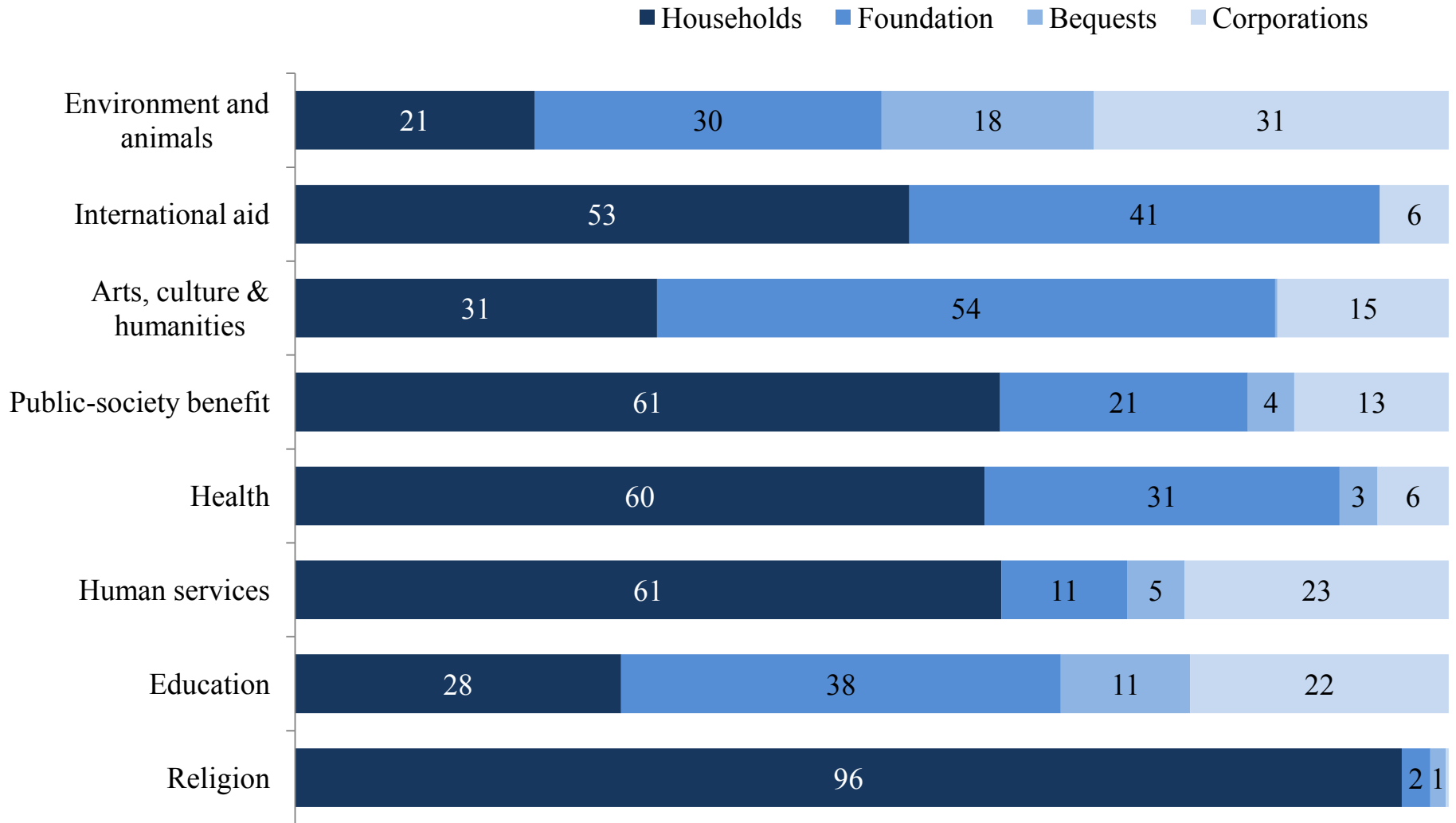
Charitable Recipients of Donations from All Types of Kansas City-Area Donors, Total = \$2.15 Billion (dollars in millions)



Distribution by Type of Recipient Compared with U.S. by All Sources of Contributions, 2007



Source of Giving by Type of Recipient to Only Kansas City-Based Organizations, 2007



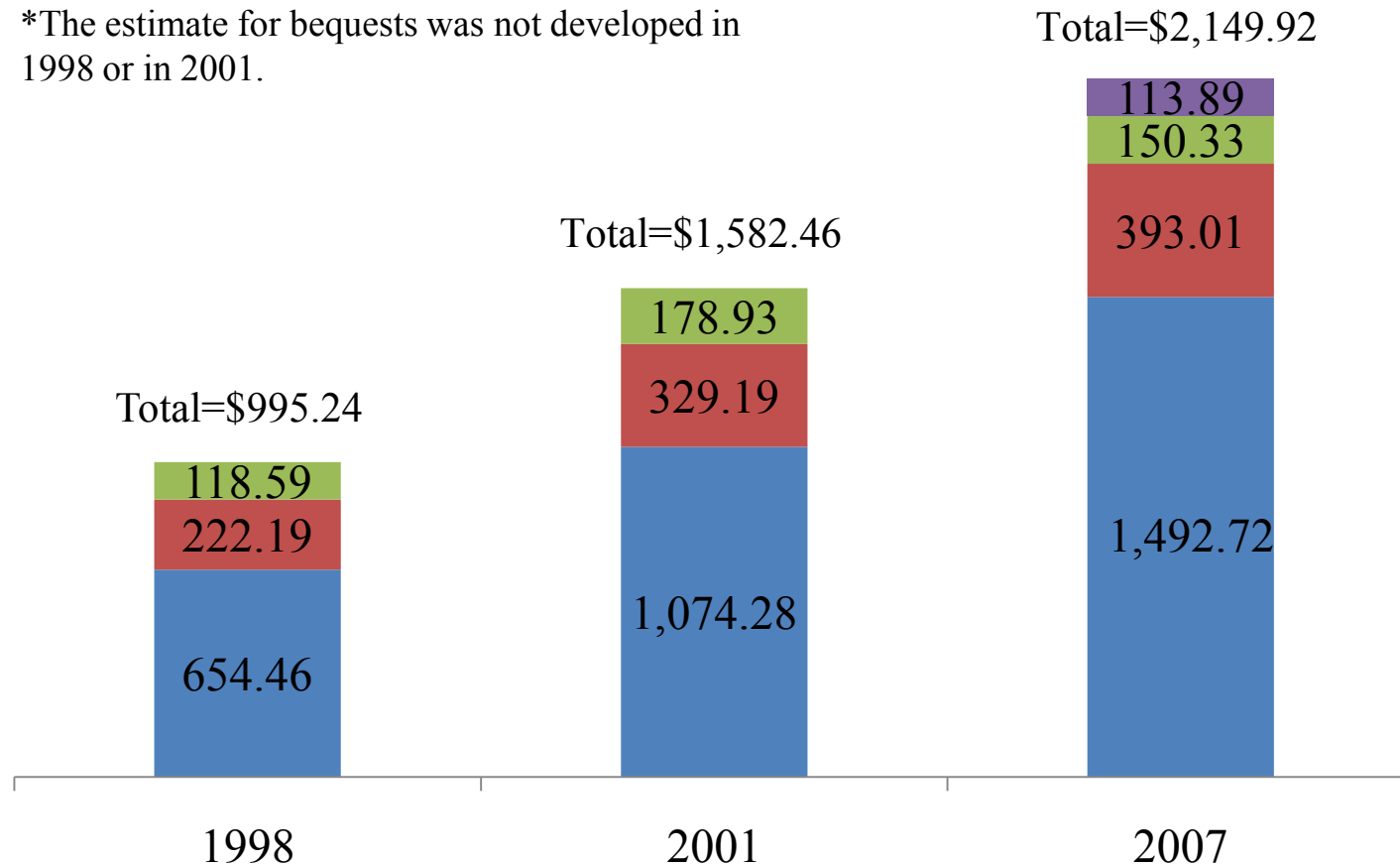
Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

Note: All figures are rounded. Total may not be 100%.

Trends Over time, Kansas City Studies of 1998, 2001, and 2008 Compared (dollars in millions), adjusted for inflation in 2007 dollars

■ Households ■ Foundations ■ Corporations ■ Bequests

*The estimate for bequests was not developed in 1998 or in 2001.



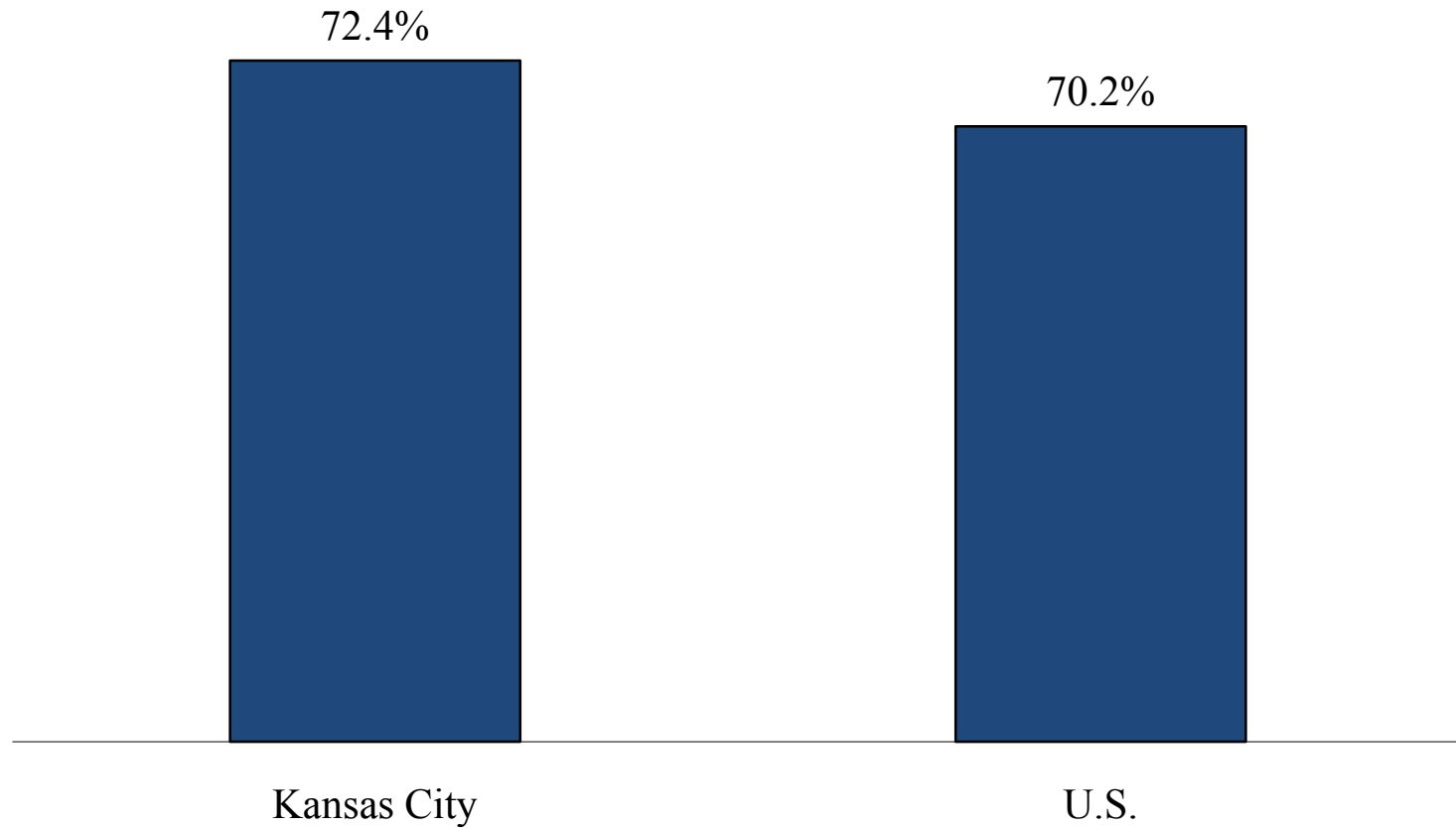
2008 compared to 2001 and 1998 with inflation adjustment

- 2001 found \$1.3 billion (= \$1.6 bil in 2007 \$; up 29%)
 - 68% from households (69% this year in U.S.)
 - 21% from foundations (19% this year in U.S.)
 - 11% from businesses (7% this year in U.S.)
 - No estimate for bequests (5% this year in U.S.)
- 1998 found \$770 million (= \$1 bil in 2007 \$, up 106%)
 - 66% from households
 - 22% from foundations
 - 12% from businesses
 - No estimate for bequests

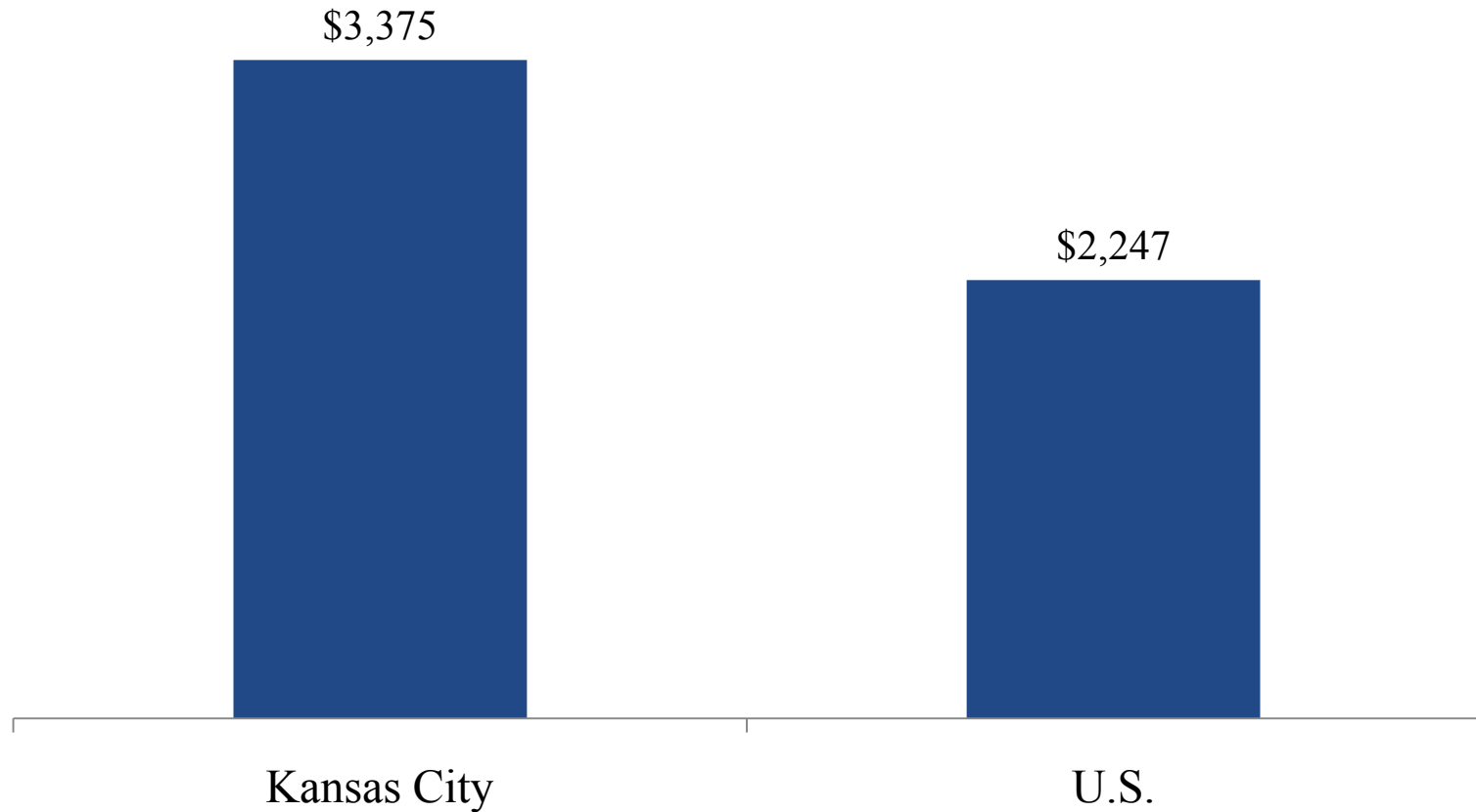
Household Giving

- Households and individual donors in the Kansas City region gave an estimated \$1.49 billion to charities in 2007.
- This is 70% of total estimated giving in Kansas City.
- 69% of all household giving remained in the Kansas City-area.

Percentage of Donors, Kansas City and U.S., 2007



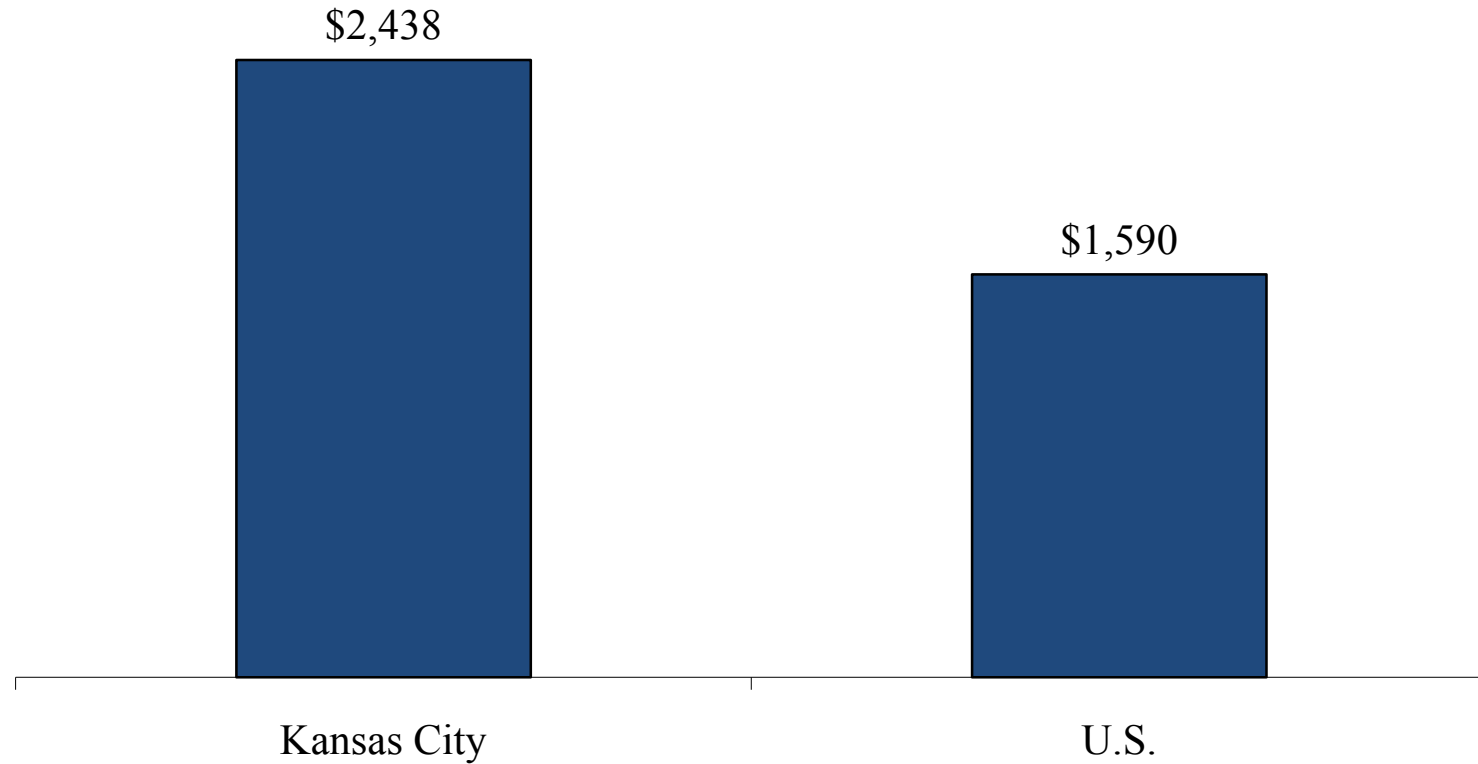
Average Total Contribution by Donor Households, Kansas City and the U.S., 2007



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

National data from the Center on Philanthropy Panel Study, 2005 and adjusted for inflation in 2007 dollars.

Average Total Contribution by All Households (Including Non-Donors), Kansas City and U.S., 2007



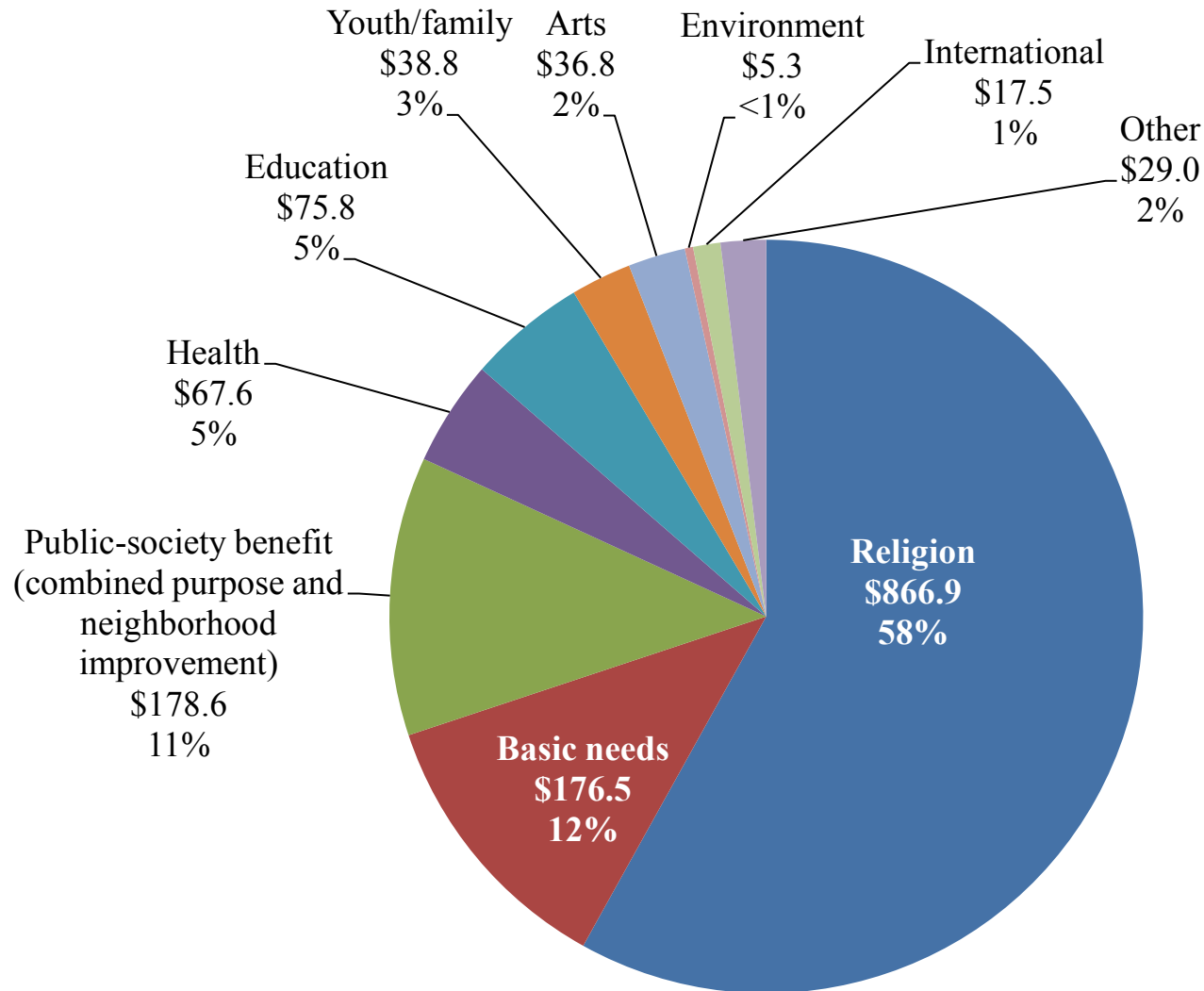
Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

National data from the Center on Philanthropy Panel Study, 2005 and adjusted for inflation in 2007 dollars.

Among surveyed households, high average total gift amount

- The average gift by Kansas City donor households was \$3,375 in 2007.
- This exceeds the national average by 50%.
- The average donation by all Kansas City households, including non-donors, was \$2,438 or 53% above the national average.

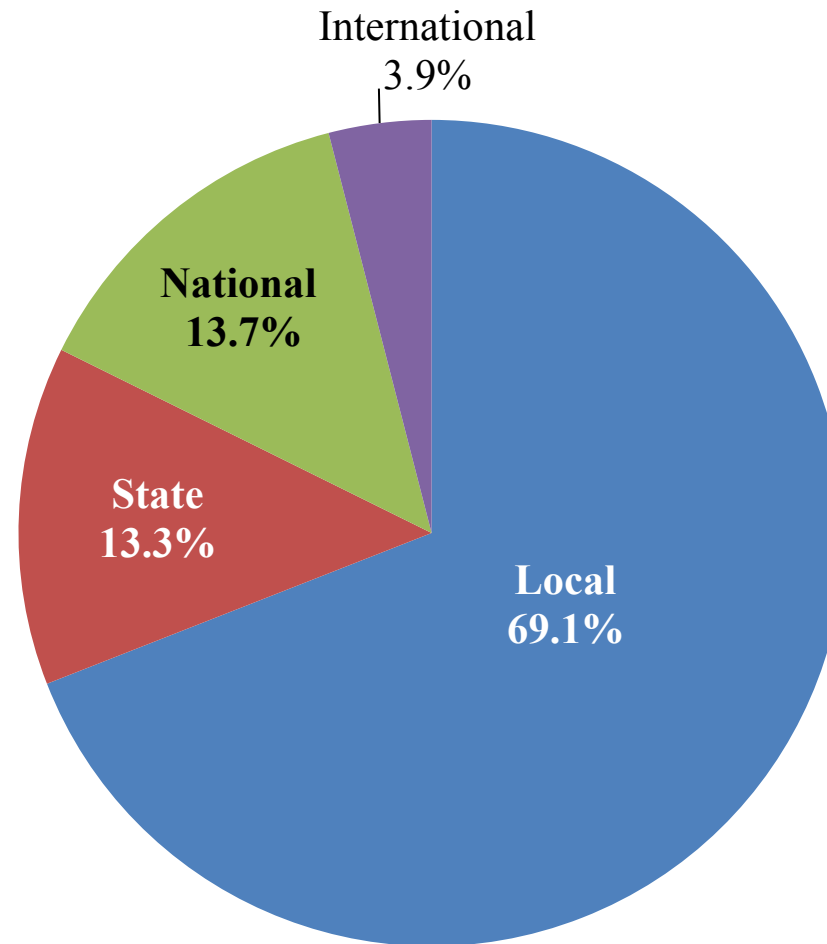
Kansas City Donor Households' Giving by Type of Recipient, 2007 \$1.49 Billion Total Estimated Household Giving (dollars in millions)



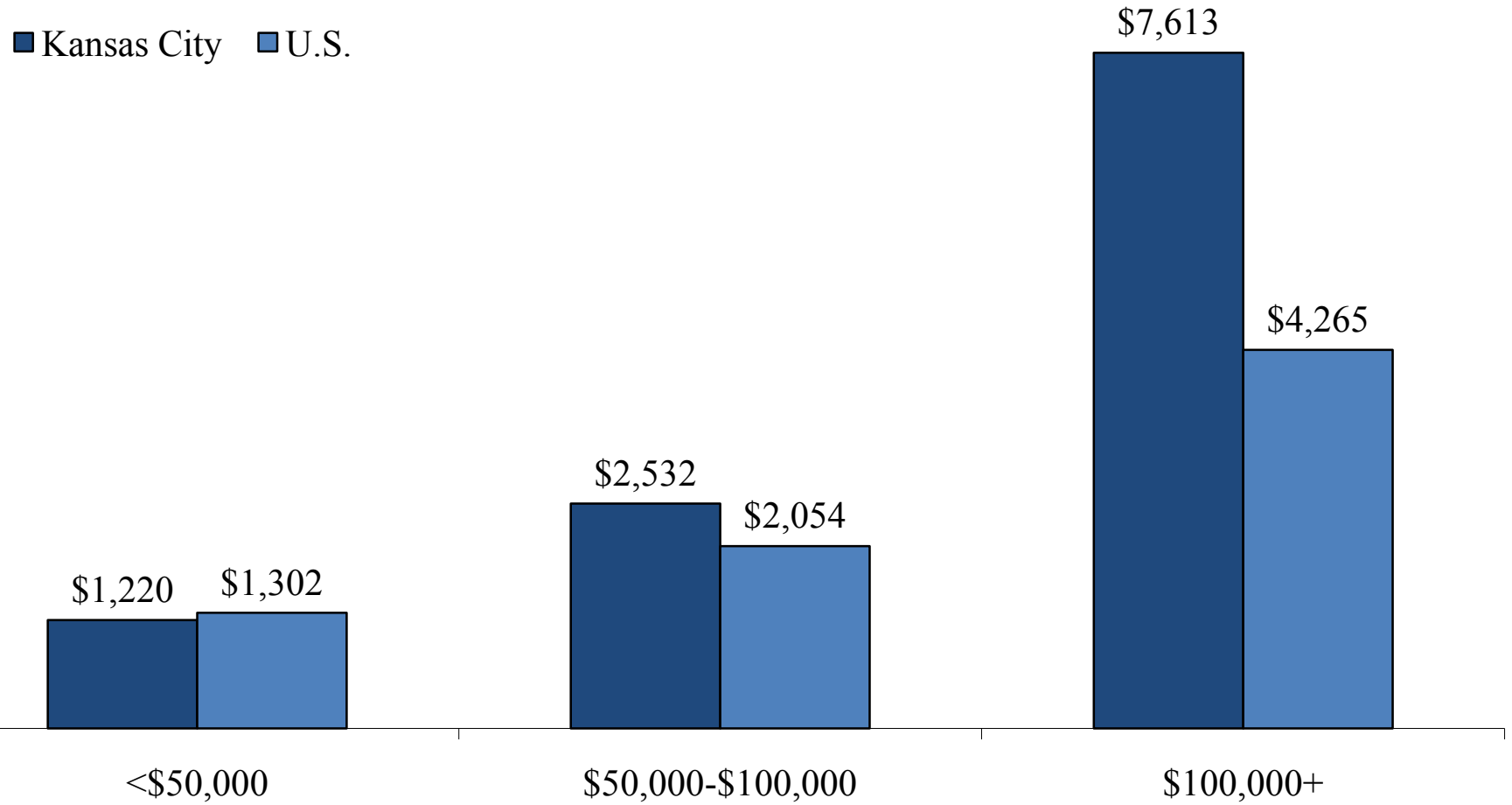
Household's allocation of gifts is consistent with overall national results.

- 58% to religion (61% in U.S.)
- 12% to helping meet people's basic needs (10% in U.S.)
- 11% to —public-society benefit” (United Way, Jewish federation, other combined purposes) (10% in U.S.)
- 5% to education; 5% to health (5% & 4% in U.S.)
- Between 2% and 3% to youth, arts, other (3%, 2%, 3% in U.S.)
- 1% or less to environment, international (both 1% in U.S.)

Percentage of Giving to Local, State, National, and International Organizations by Kansas City Households, 2007



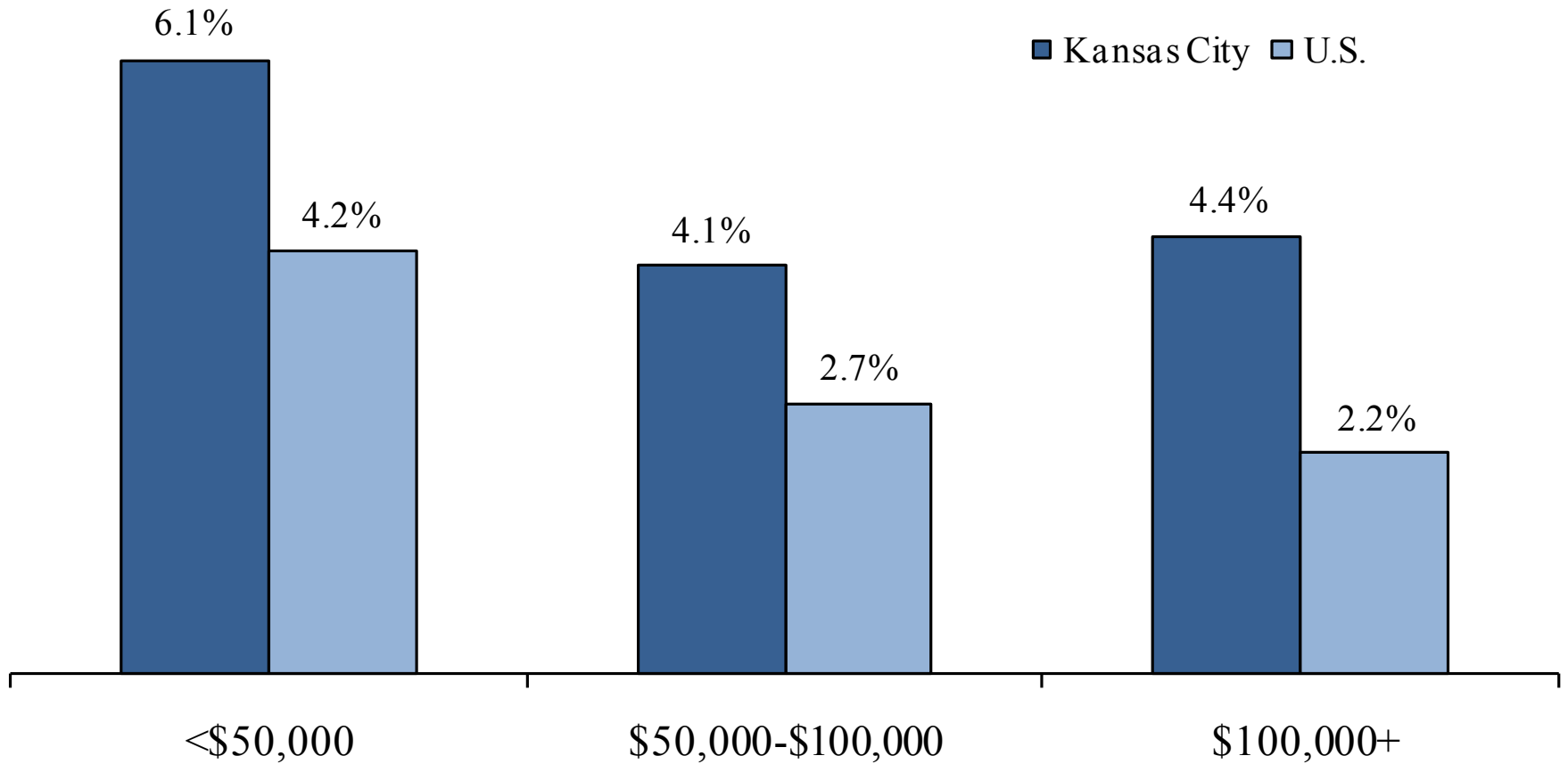
Average Total Giving by Income Range, Donor Households, 2007



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

National data from the Center on Philanthropy Panel Study, 2005 and adjusted for inflation in 2007 dollars.

Average Total Giving as a Percentage of Income, Kansas City and U.S., 2007



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

National data from the Center on Philanthropy Panel Study, 2005.

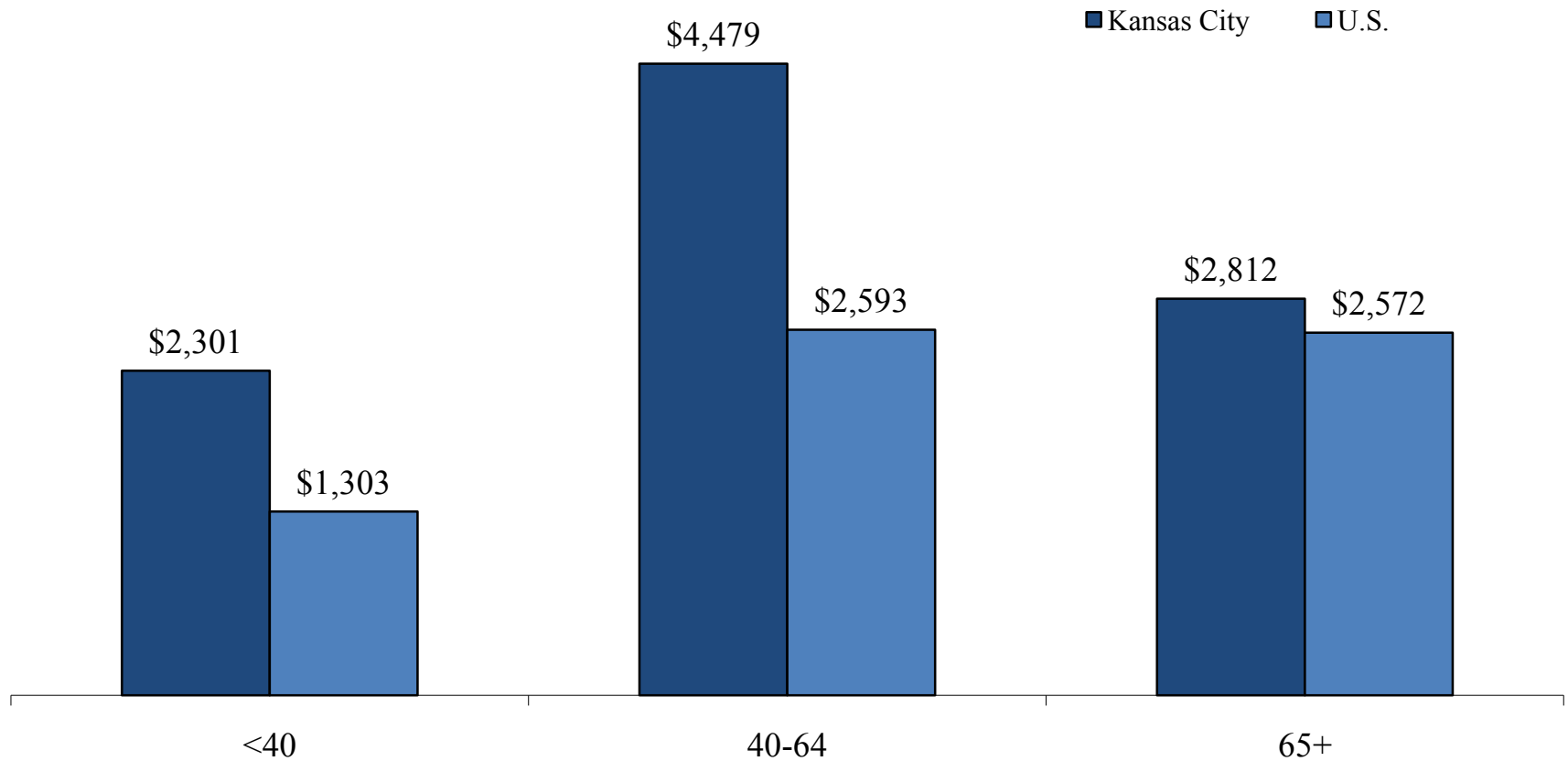
Income Matters

- Over and over in giving studies, income is one of the most important drivers of giving and of persistent (repeated over years) giving.
- 89.9% of households with annual income greater than \$100,000 gave to charity in 2007
- Median household income in the Kansas City area was \$53,508, or 5% higher than the national median of \$50,740 for 2007
- The fact that Kansas City has a high percentage of households in the upper income group (\$100,000+) bodes well for giving in this region even in downturns.

Household giving in Kansas City from survey under-represents wealthy

- COP's study for *Bank of America Study on High Net Worth Philanthropy* shows that very wealthy households give over half of the total estimated household giving in the U.S.
- If that holds in Kansas City, another \$1 billion might be given to charities by the high-net worth donors of this region.
- In that scenario, Kansas City overall gives more than its share based on population; perhaps as much as 1.3% of all US household dollars given when it has 0.7% of households.

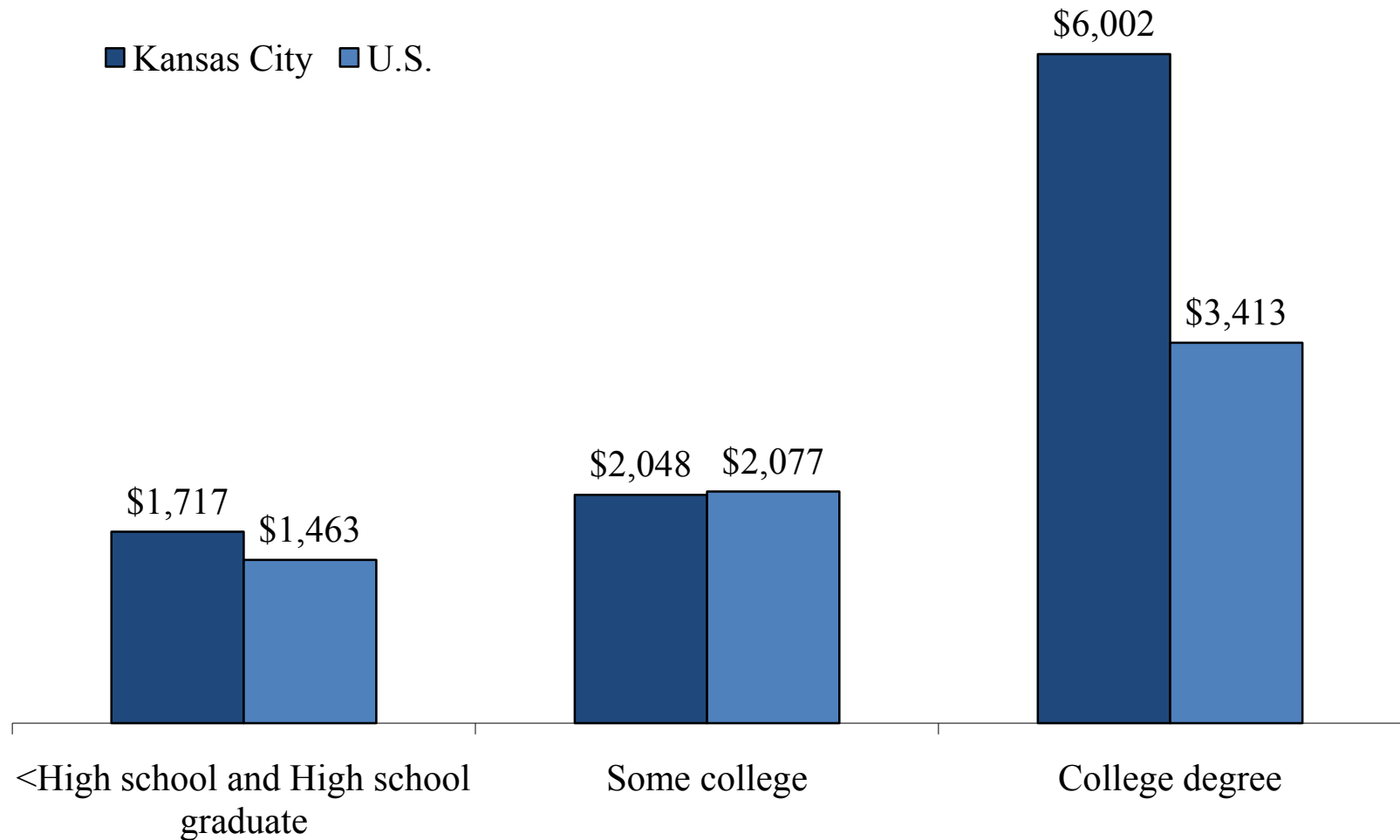
Average Total Giving by Age Range, Donor Households, 2007



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

National data from the Center on Philanthropy Panel Study, 2005 and adjusted for inflation in 2007 dollars.

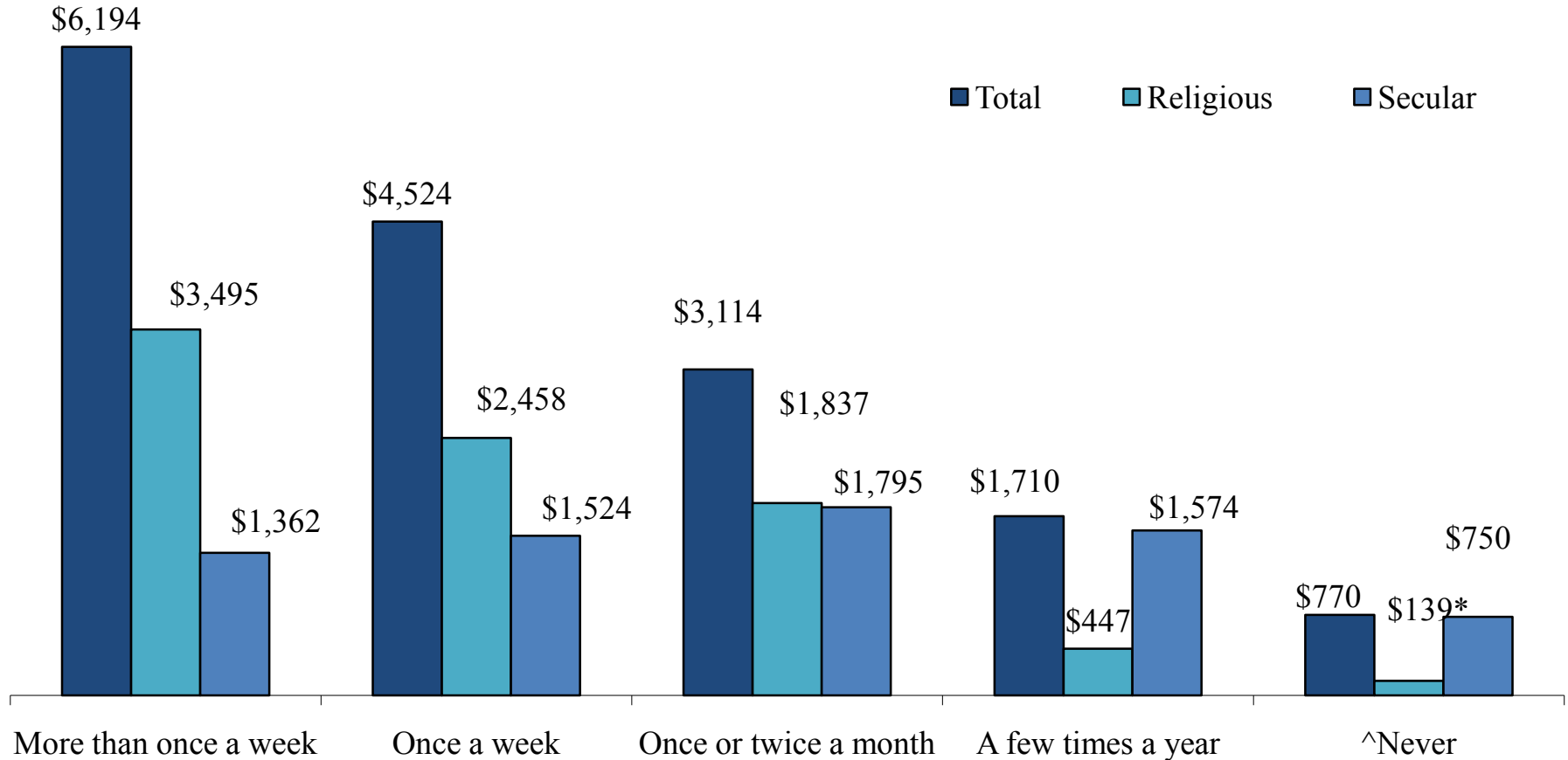
Average Total Giving by Education Level, Donor Households, 2007



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

National data from the Center on Philanthropy Panel Study, 2005 and adjusted for inflation in 2007 dollars.

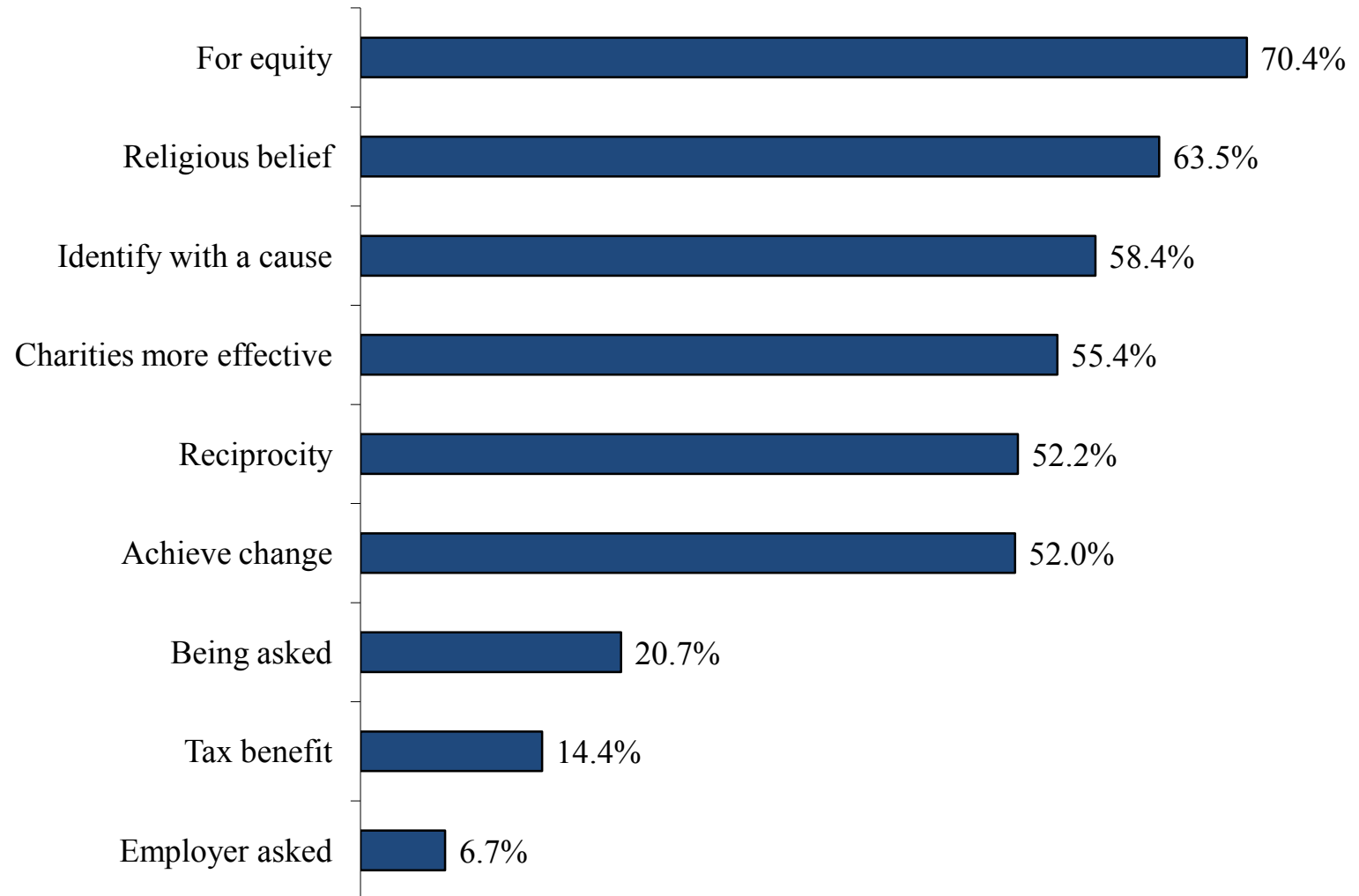
Average Giving by the Frequency of Religious Attendance, Donor Households, 2007



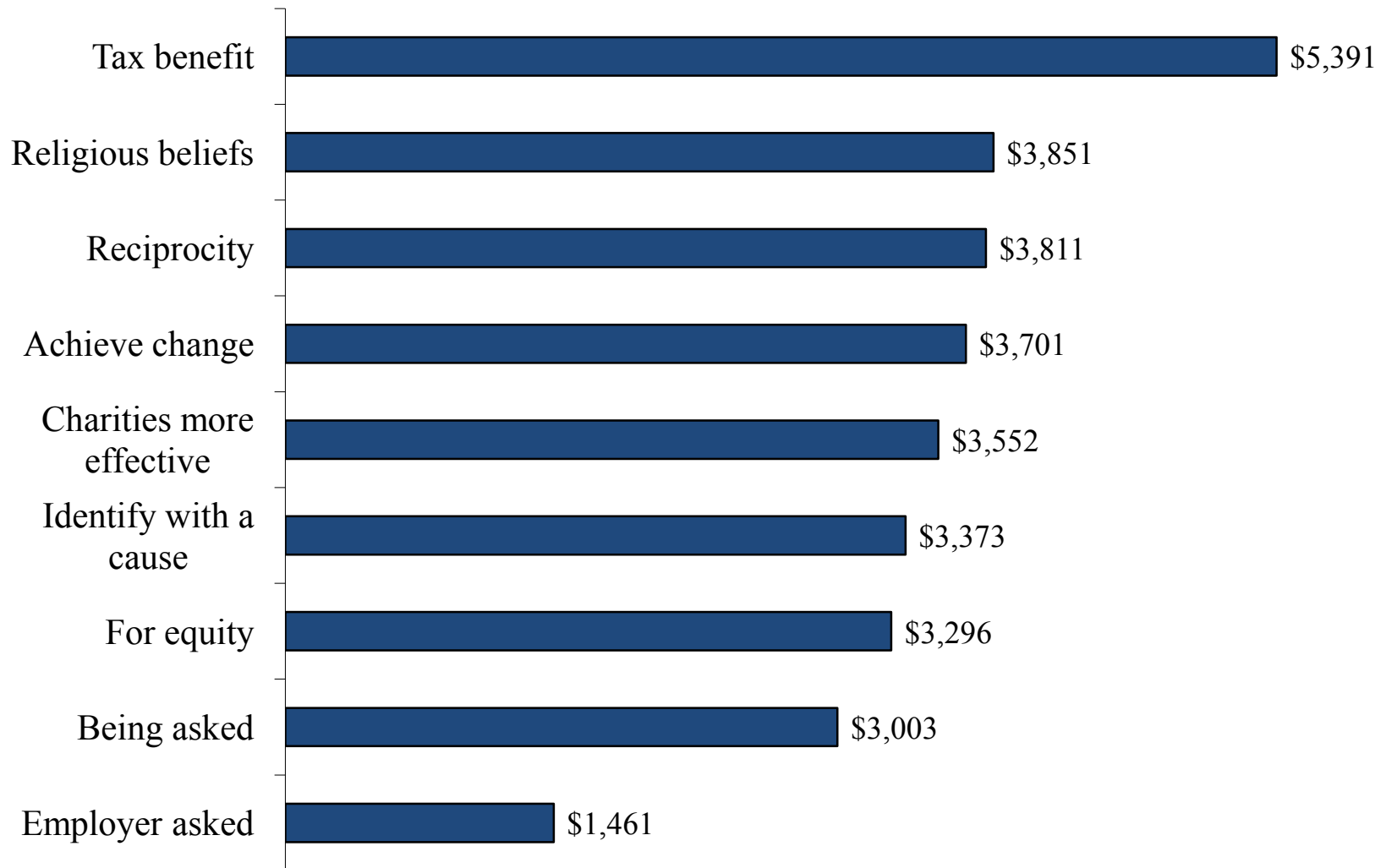
Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

^ Sample size less than 100. * Sample size is less than 30.

Kansas City Households' Major Motivations for Giving



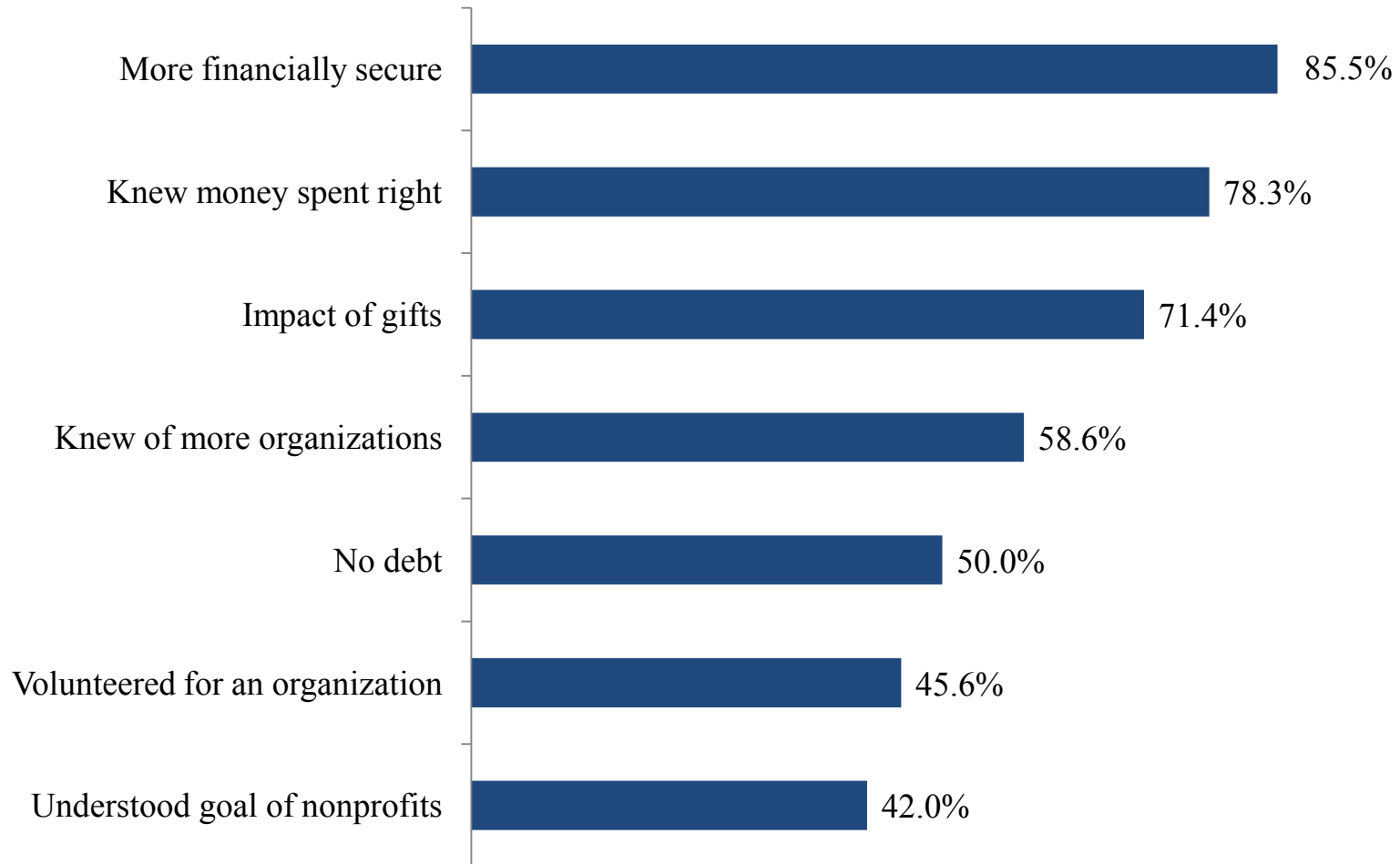
Average Total Giving by Major Motivation Cited, Donor Households, 2007



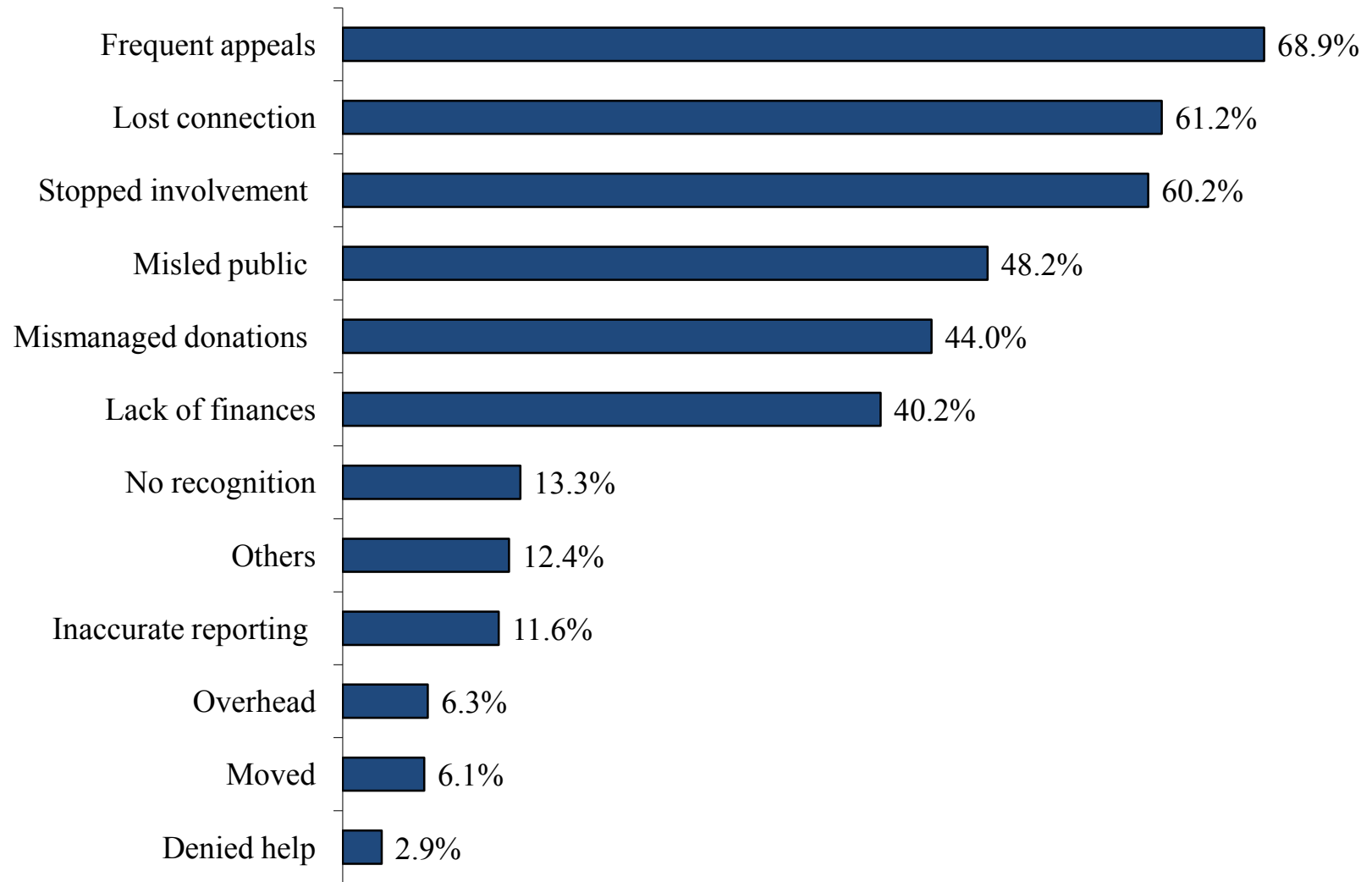
Religious motivations may be part of higher giving total

- One possible explanation for the very high average amount donated is the frequency of religious attendance. Among those who attend more than once a week, average giving totaled nearly \$6,200.
- At least 18% of Kansas City-area survey respondents said they attend worship services weekly, higher than nationally (10%).
- Religious beliefs as a motivation for giving were associated with a very high average gift, independent of attendance.

Percentages of Kansas City Households Reporting They Would Give More to Charity if The Following Occurred



Reasons Why Respondents Stopped Supporting an Organization They Previously Supported



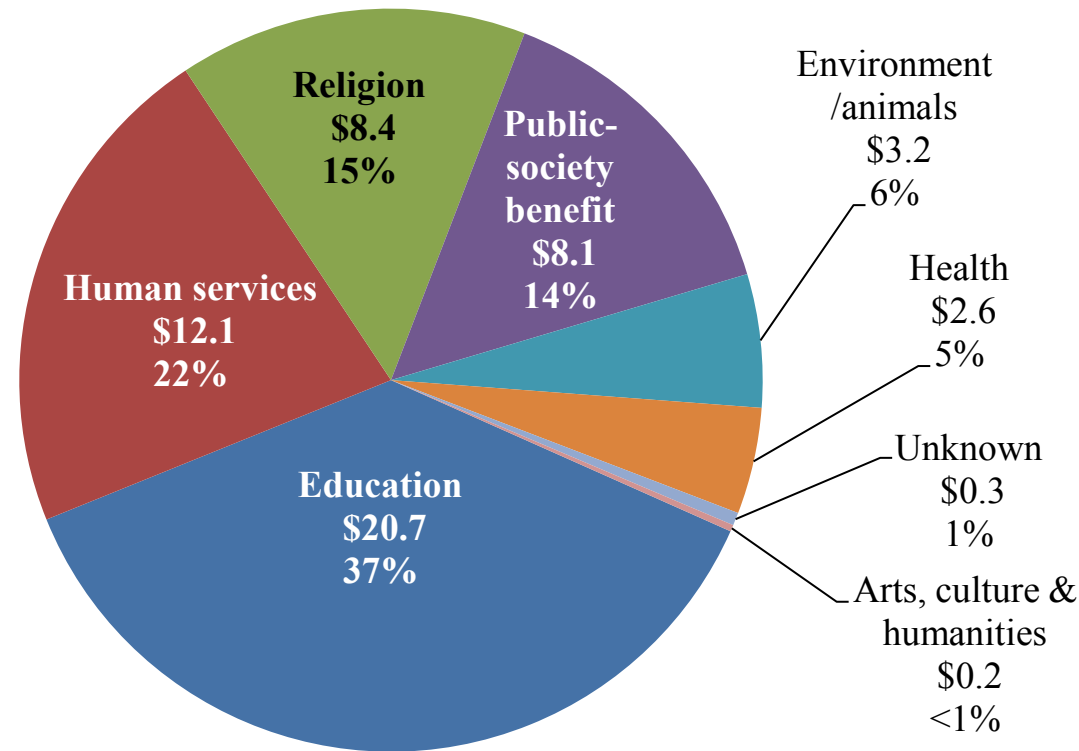
Comparison to other regional studies

- In eight regions studied to date, most have around 70% of giving remaining locally.
- Kansas City has a higher average gift amount than most other regions studied to date and a higher average gift amount than the U.S.
- Only the Memphis area has a higher average gift amount among the areas studied to date (including Atlanta).
- Kansas City rate of giving (72%) is comparable to that of the nation (70%). Some other metro areas see higher participation rates (Memphis = 83%; Atlanta = 86%; Chicago = 86%).

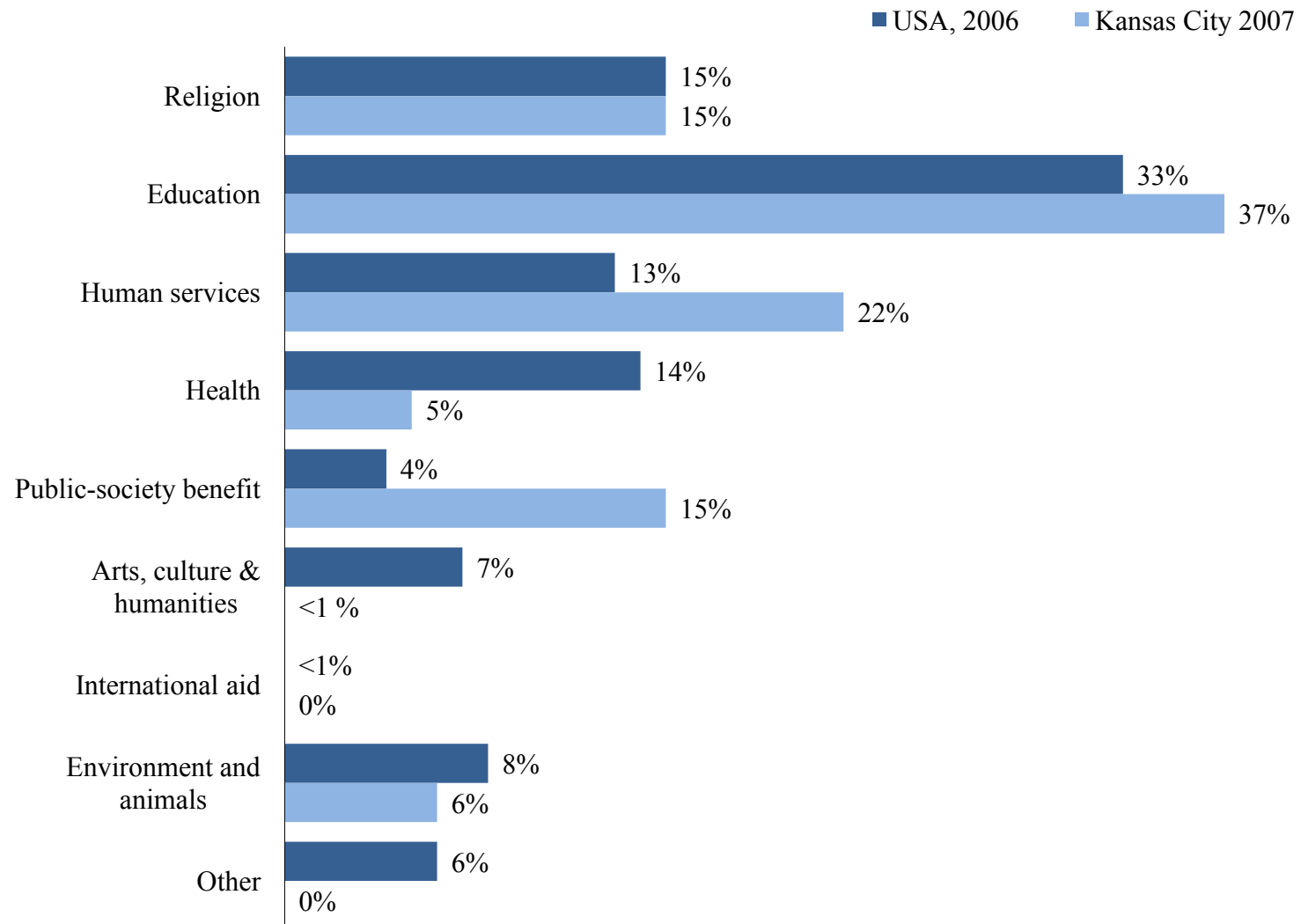
Bequest Giving

- Bequests made by Kansas City-area estates were an estimated \$113.9 million. Of this estimate, about \$55.5 million (49%) was estimated to go to Kansas City-area charities.
- This is 5% of total estimated giving in the region.
- 17% of Kansas City-area charities reported receiving a bequest in 2007.

Estimated Distribution of Reported Bequest Contributions, Kansas
City-Area Charities from Kansas City-Area Residents, 2007,
Total=\$55.5 Million
(dollars in millions)



Share of Charitable Bequest Dollars by Type of Recipient, Kansas City 2007 and U.S. 2006



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*. U.S. data from *Giving USA 2008*. Adjusted to remove the amount to foundations in order to be more comparable to Kansas City survey of nonprofit organizations.

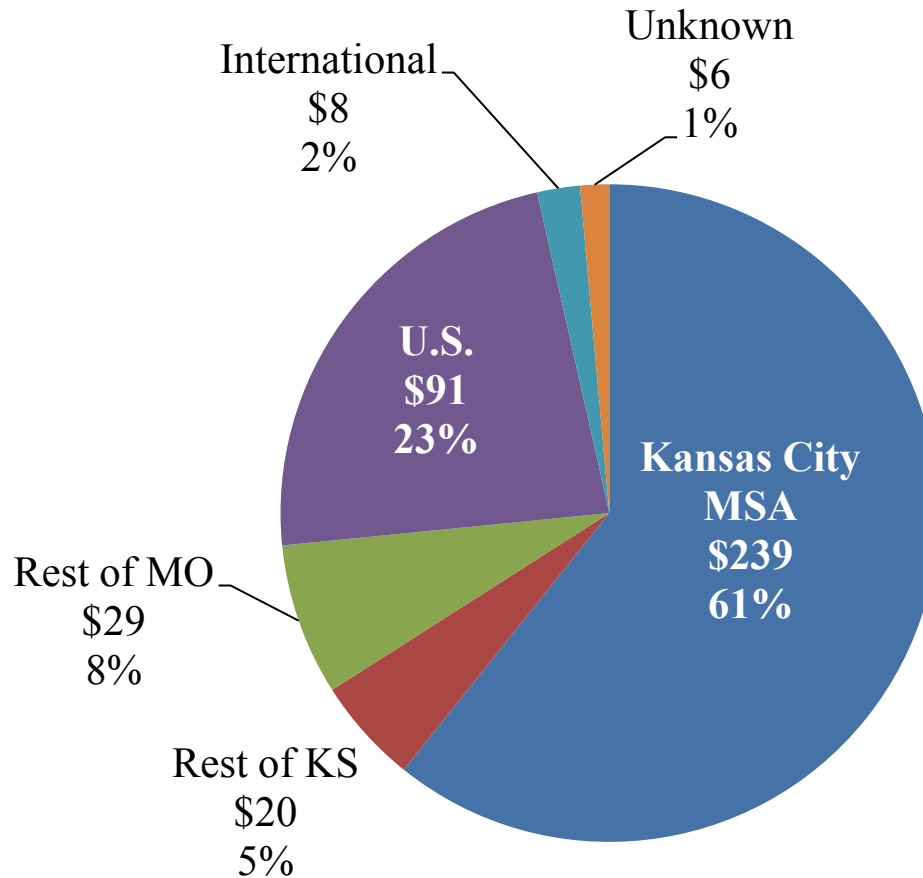
U.S. data is based on claims as deductions on estate tax returns filed for 2006 by estates with gross estate values of \$2 million or more.

- 10% of households surveyed said they have a charitable provision in a will, and on average, households with a charitable provision have named two charities in their will.
- The people in the Kansas City household survey that were most likely to have a charity in their will include:
 - People who attend worship often (18%)
 - People with a college degree (16%)
 - Evangelical Christians (16%)
 - Individuals with no children (14%)
 - Individuals with two children (14%)
- The people in the Kansas City household survey that were least likely to have a charity in their will include
 - People with no religious preference (5%)
 - People with high school education or less (5%)
 - People with one child (5%)
 - People who seldom attend worship (3%)

Foundation Grantmaking

- Foundations paid \$393 million in grants in 2006 (the closest year to 2007 for which data are available) and includes \$85 million in donor-advised funds at the Greater Kansas Community Foundation.
- Foundation grantmaking is 18% of total estimated giving in Kansas City, 2007, compared with just under 13% nationally.
- Foundation assets in Kansas City are \$6.37 billion (2006), or \$3,239 per capita. This exceeds the national per capita foundation asset amount of \$2,053.

Percentage Distribution of Total Grant Dollars
from Kansas City Foundations by Recipient Location
Total Estimated Grants: \$393 Million
(dollars in millions)

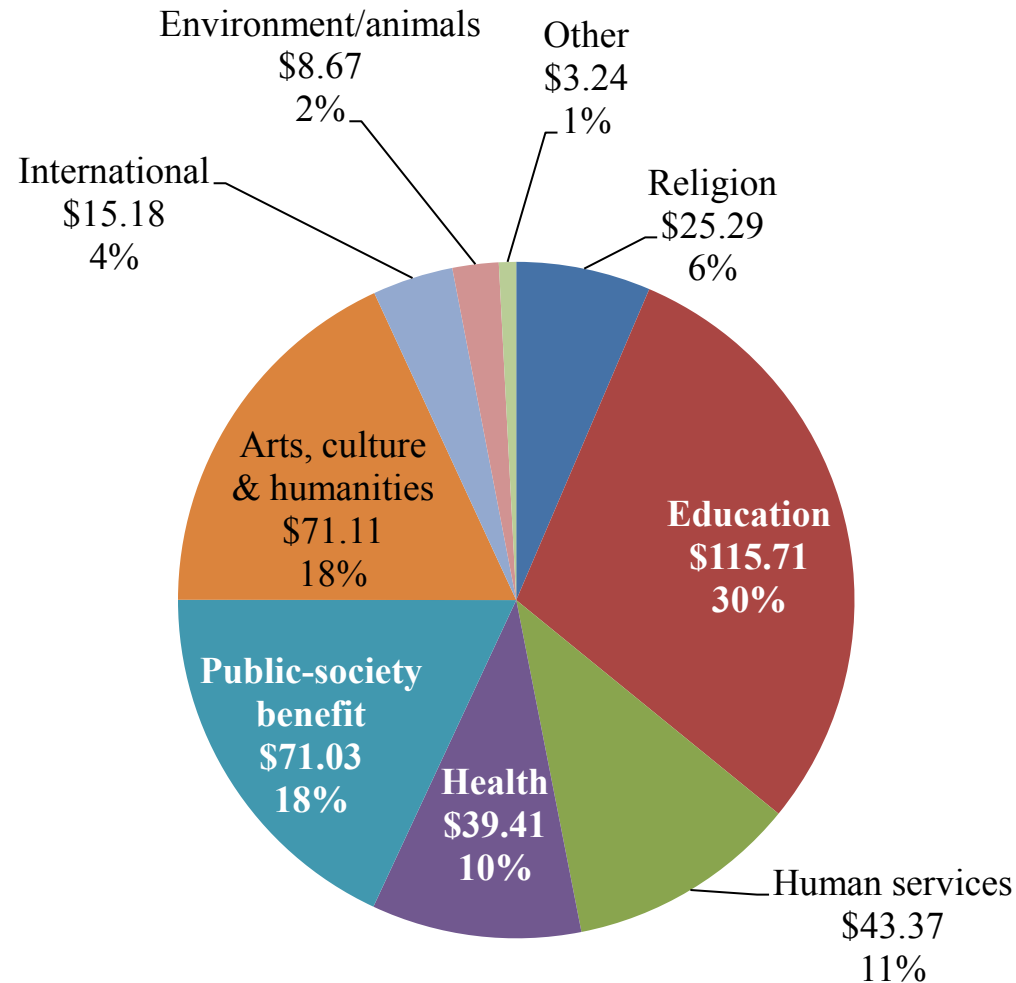


Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

Data: FoundationSearch.com, Foundation Center, and Guidestar.org

*It is highly probable that most grants in the unknown category are to Kansas City organizations. Some IRS Forms 990 did not list the grant recipients. When the recipient of the grant could not be identified, it was coded in this group.

Kansas City Foundations' Giving Priorities, Except Corporate Foundations 2006, Total Estimated Grantmaking: \$393 Million (dollars in millions)



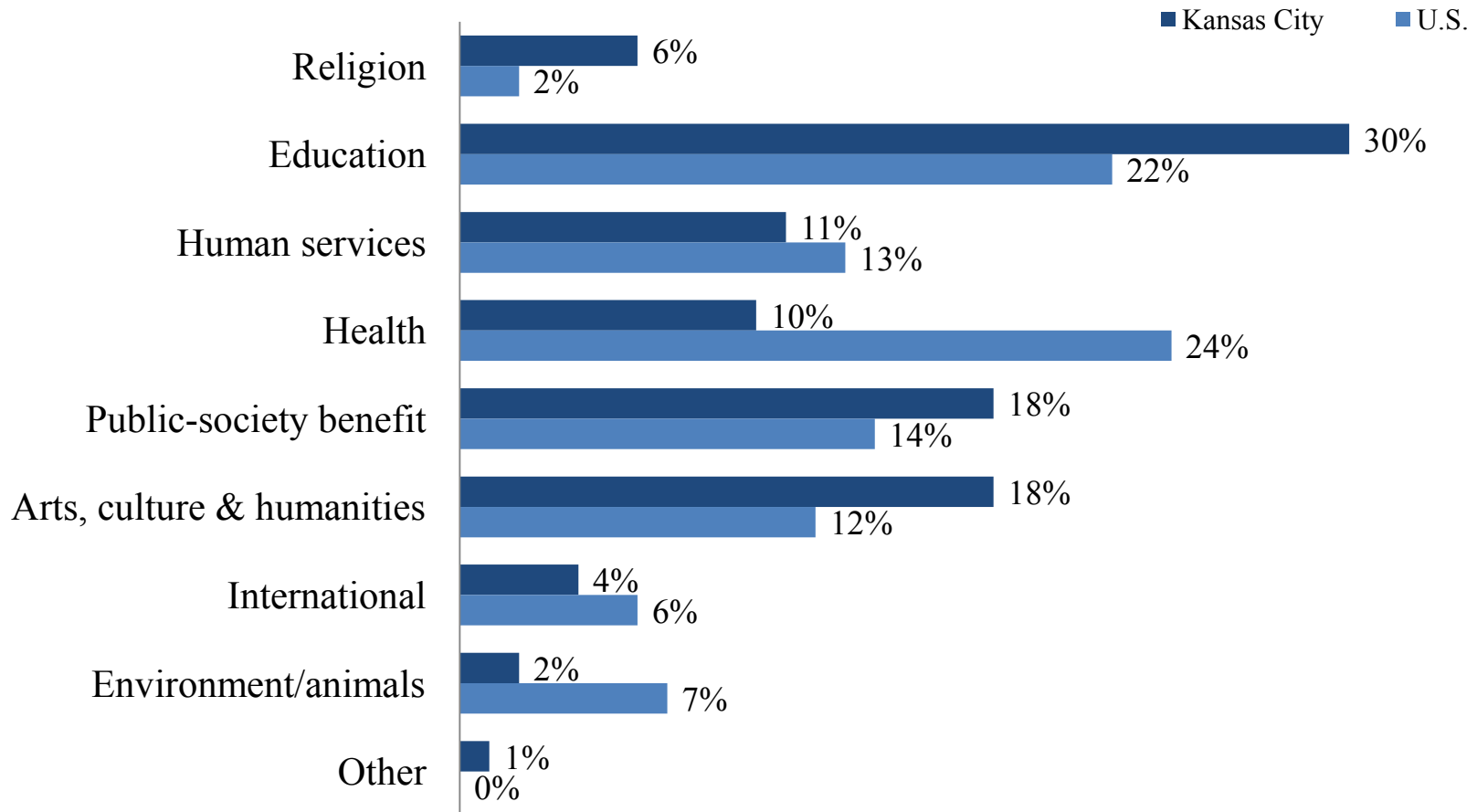
Average and Median Grant Amounts, Kansas City Foundations, 2006

Subsectors	Average	Median
International*	\$42,881	\$3,750
Arts, culture & humanities	\$40,773	\$2,000
Education	\$31,054	\$2,000
Public-society benefit	\$30,214	\$1,725
Health	\$26,555	\$2,000
Environment/animals	\$23,005	\$1,050
Other	\$21,447	\$1,500
Religion	\$15,591	\$1,625
Human services	\$14,366	\$2,000
Overall	\$28,010	\$2,000

Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*. Data: FoundationSearch.com, Foundation Center, and Guidestar.org. Data used: All grants of \$4,000 and above and a sample of grants < \$4,000. Results use weighting to adjust for the different probabilities of grants less than \$4,000 to be in the study.

*Includes a \$6.8 million grant from the Greater Kansas City Community Foundation, if outlier was excluded average grant size would be \$23,671 and median \$3,750.

Kansas City Foundation Giving Priorities 2006 Compared with National Foundation Giving Priorities, 2006: Percentage Distribution of Total Grant Dollars by Subsector



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City*.

Kansas City Data: *FoundationSearch.com*, *the Foundation Center*, and *Guidestar.org*.

National Data: *The Foundation Center, Foundation Giving Trends 2007 Edition*.

Corporate Giving

- Charities in the Kansas City region received an estimated \$150.3 million in contributions from corporations and grants from corporate foundations.
- This is 7% of total estimated giving in Kansas City, 2007.

Surveyed Kansas City charities reported an estimated \$150 million received from corporate funders.

Corporate charitable donations received at Kansas City nonprofits, by size of charity revenue

	Large	Medium	Small	Unknown
Mean corporate gift amount receive	\$981,873*	\$40,199	\$1,356**	\$3,763***
Corporate giving as a share of all donations	21%	19%	20%	7%

Size categories and number of responses for 2007 charitable revenue:

Large = Total revenue of \$1 million or more, N = 127

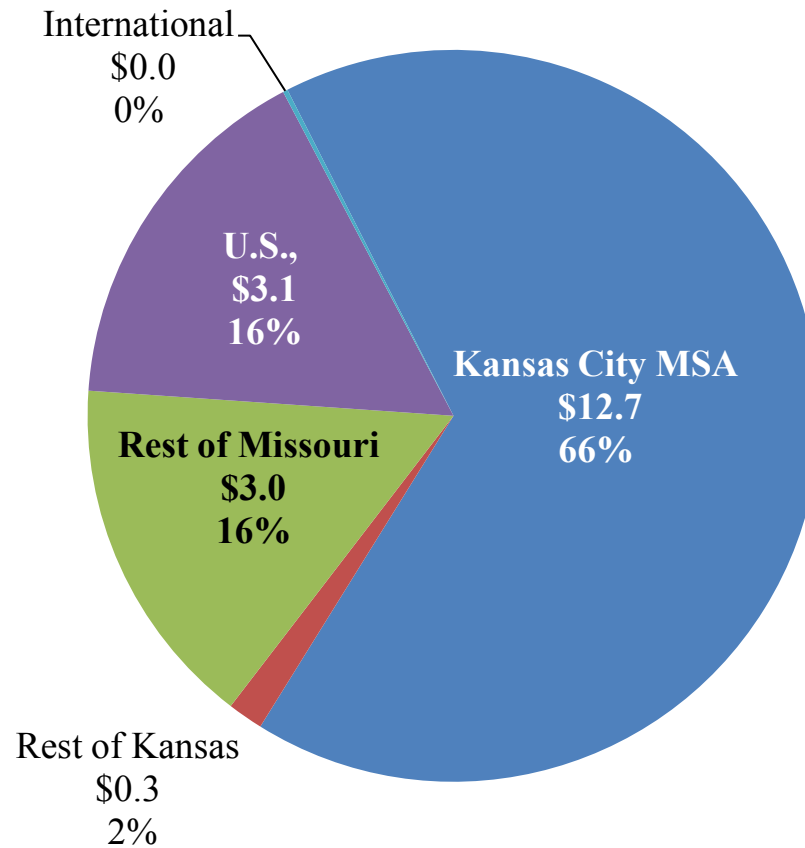
Medium = Total revenue from \$25,000 to \$999,999, N = 110

Small = Total revenue from \$1 to \$24,999, N = 77

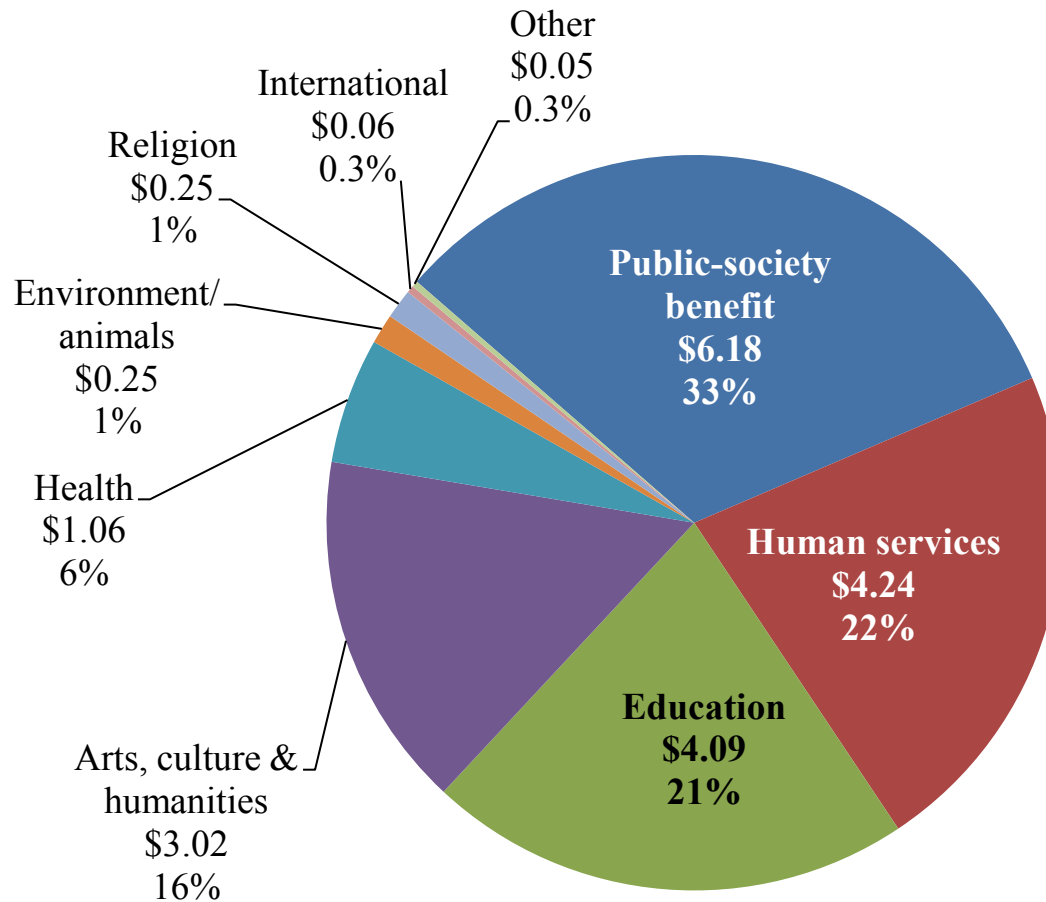
Unknown = Total revenue not available. N = 38

*One outlier was removed, **Five outliers were removed, ***Two outliers were removed.

Percentage Distribution of Total Grant Dollars from Kansas City
Corporate Foundations by Recipient Location,
Total Estimated Grants = \$19.2 Million
(dollars in millions)



Kansas City Corporate Foundations' Giving Priorities, 2006
Total Estimated Grantmaking: \$19.2 Million
(dollars in millions)



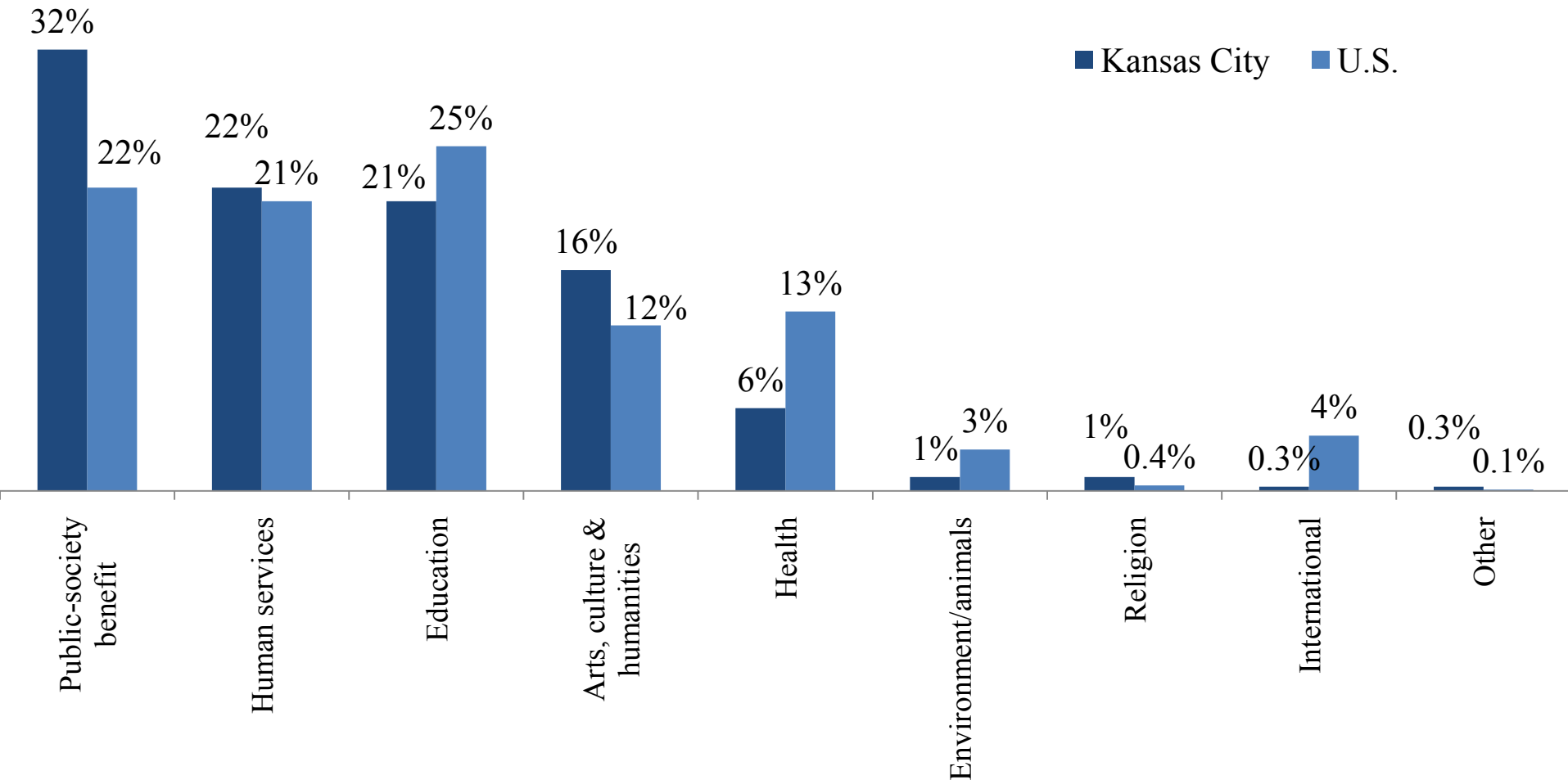
Average and Median Grant Amounts, Kansas City Corporate Foundations, 2006

Subsectors	Average	Median
Public-society benefit	\$9,284	\$500
Arts, culture & humanities	\$4,584	\$500
Human services	\$4,046	\$750
Environment/animals	\$3,777	\$750
Health	\$2,802	\$500
International	\$2,465	\$1,800
Religion	\$1,838	\$300
Education	\$1,483	\$250
Other	\$1,028	\$1,500
Overall	\$3,318	\$480

Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City. Giving USA 2008.*

Data: FoundationSearch.com, Foundation Center, and Guidestar.org

Kansas City Corporate Foundation Giving, 2006 Compared with National Corporate Foundation Giving, 2006 Percentage Distribution of Total Grant Dollars by Subsector



Source: The Center on Philanthropy at Indiana University, *Giving in Kansas City. Giving USA 2008.*

Data: FoundationSearch.com, Foundation Center, and Guidestar.org

Background That Can Help in the Current Climate

- Charities have survived many recessions.
- Donors continue to contribute. Timing and amount vary, but few donors stop altogether.
- Some studies released recently suggest that donors intend to “~~st~~ay the course”: foundations and some donors of wealth will give same amount.
- 100 point change in S&P 500 index in one year is associated with about 0.5% change in total household giving (year-end to year-end).

40 Year Trends

- Total giving increases, on average, 2.8% (adjusted for inflation).
- On average, all subsectors see long-term growth in charitable gifts received.
- Individuals account for three-quarters of total giving.
- For secular-only results, individuals account for about 60% of total.
- Giving averages about 2% of GDP, moving from a low of 1.7% in the 1980s to 2.4% in 2005.
- In all years, in all economic times, some organizations see a drop in giving.

40 Year Trends

- During years without a recession, giving has increased an average of 4.3%.
- However, in recessions giving dropped, on average, 1% per year.
- In long recessions (8 months or more), the decline averages 2.7% a year (adjusted for inflation).
- In any given year, many nonprofits also see an increase in their charitable receipts.

Implications

- This study was conducted in 2008 and most of the data cover charitable contributions made in 2007 or for foundations, 2006. Because charitable giving reflects large economic trends in the United States, it is certain that contributions in 2008 and 2009 will differ from the results found for earlier years.

Implications

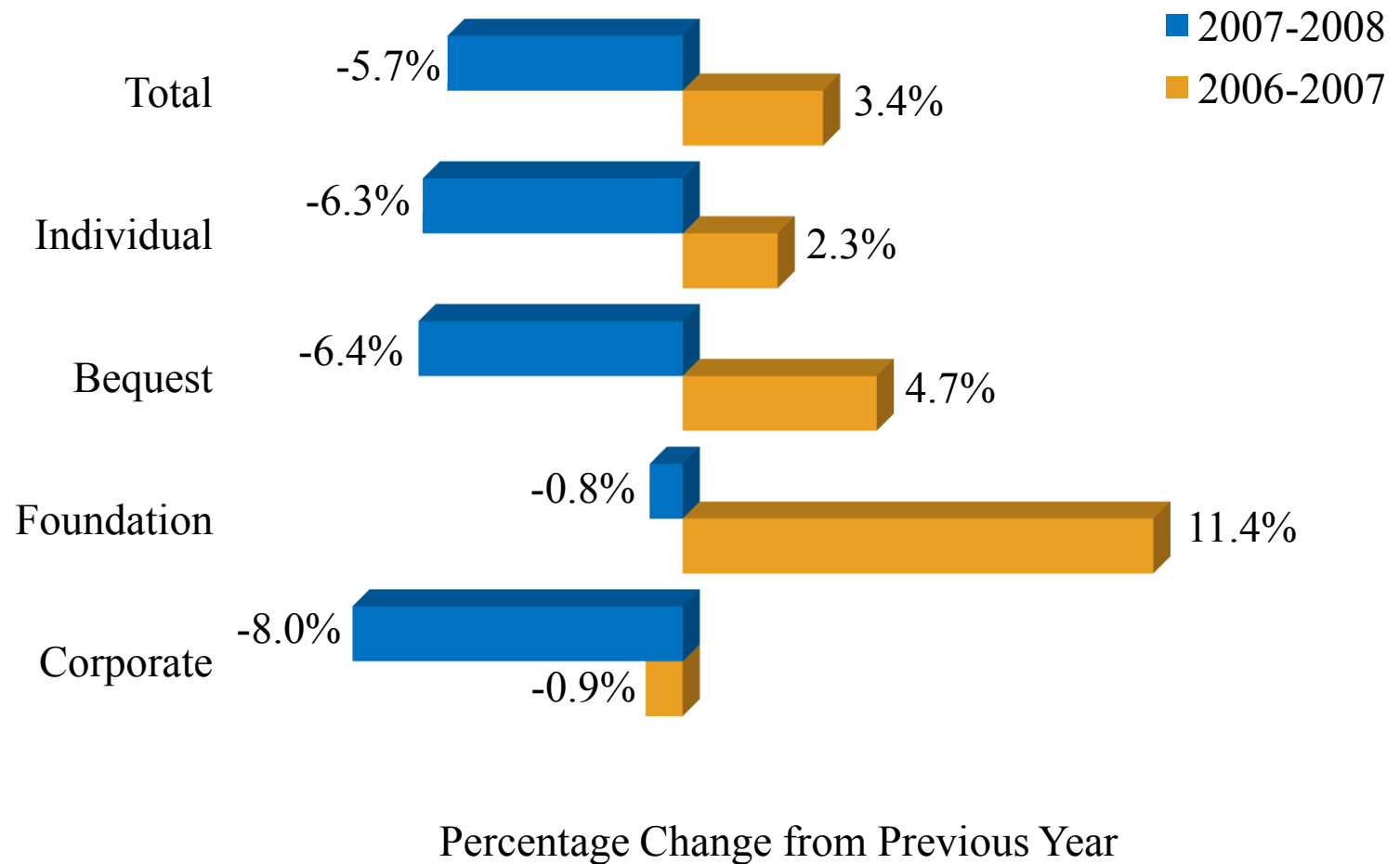
- The Kansas City metro area has a high share of residents in the highest income group (\$100,000+).
- Kansas City donors in the highest income group reported a high average gift amount, \$7,613 compared to the U.S. estimated total of \$4,265 per donor household.
- These two findings suggest that giving in this region will be more resilient than in regions with a greater proportion of lower-income residents.

Implications

- Kansas City residents reported high levels of motivation based on “altruistic” statements such as helping those in need – and lower levels of motivations based on —financially pragmatic” statements such as tax benefits or who made the request. This also suggests that the area will be more insulated from financial pressures on giving.
- However, a fairly high share (18% compared with the U.S. 13%) of Kansas City giving is from foundations.
- With endowment values likely to be suffering in the current market conditions, it is possible that some foundations will retrench in 2009.
- We do not have data for this, but we know that in 2002, many foundations maintained their existing commitments but did not accept new proposals until market conditions (and therefore asset values and dividends) improved.

Giving in 2008

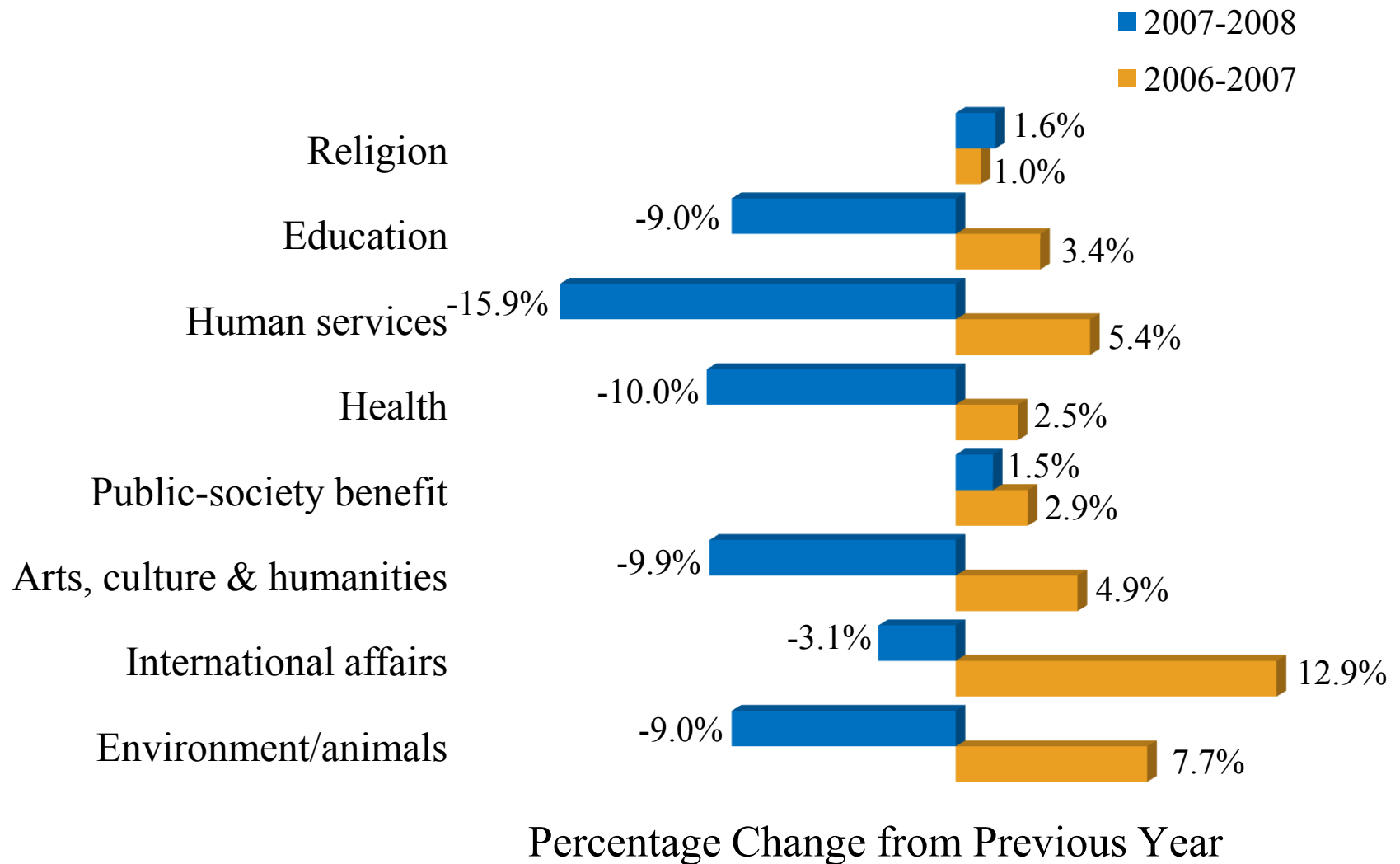
Changes in Giving by Source, Inflation-Adjusted Dollars



Changes in Giving by Source, Inflation-Adjusted Dollars

- Giving fell in 2008 by 5.7%, adjusted for inflation. This is worst year on record when adjusting for inflation.
- This is close to the rate of decline found for 1974 (-5.4%), which is second-worst year adjusted for inflation.
- Individual giving declined 6.3% in 2008. In 1974, the drop was 5.3%.
- Charitable bequests fell 6.4% in 2008 and 6.8% in 1974.
- Foundation giving fell 0.8% in 2008 and 5.1% in 1974.
- Corporate giving fell 8% in 2008 and 6.6% in 1974.
- Giving by foundations, corporations, and charitable bequests declined more steeply in other years (besides 2008 and 1974).
- For individual giving, 2008 and 1974 are the worst years.

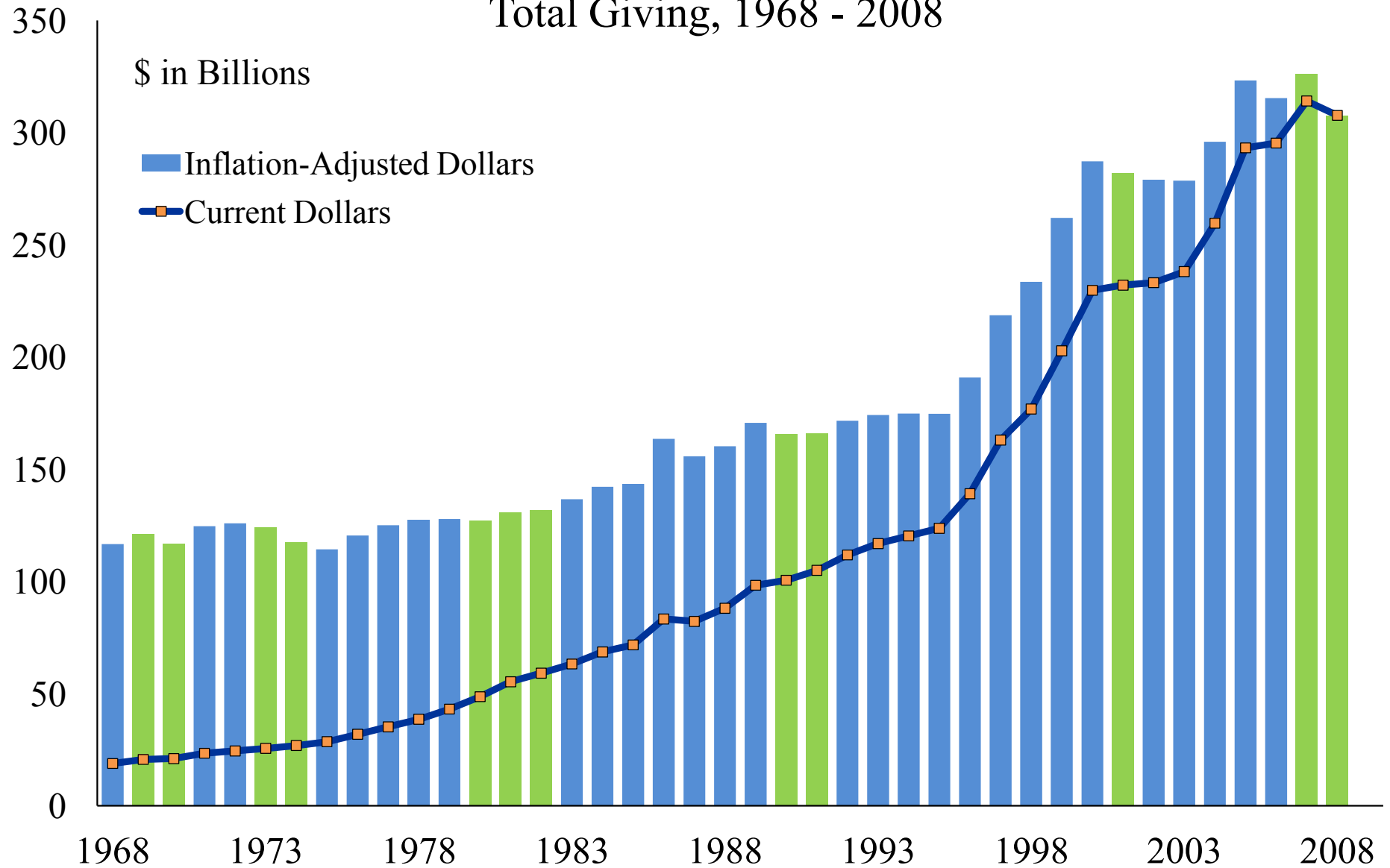
Changes in Giving by Recipient Organization, Inflation-Adjusted Dollars



Changes in Giving by Recipient Organization, Inflation-Adjusted Dollars

- After adjusting for inflation, 6 of 8 subsectors saw declines in giving in 2008 compared to 2007.
- The exceptions are religion (growth of 1.6%) and public-society benefit (growth of 1.5%).
- 2008's largest decline, -15.9%, was in the human services subsector.
- The international affairs subsector had the smallest decline in 2008: -3.1%.
- The environment/animals and education subsectors both showed declines in giving of 9.0% in 2008.

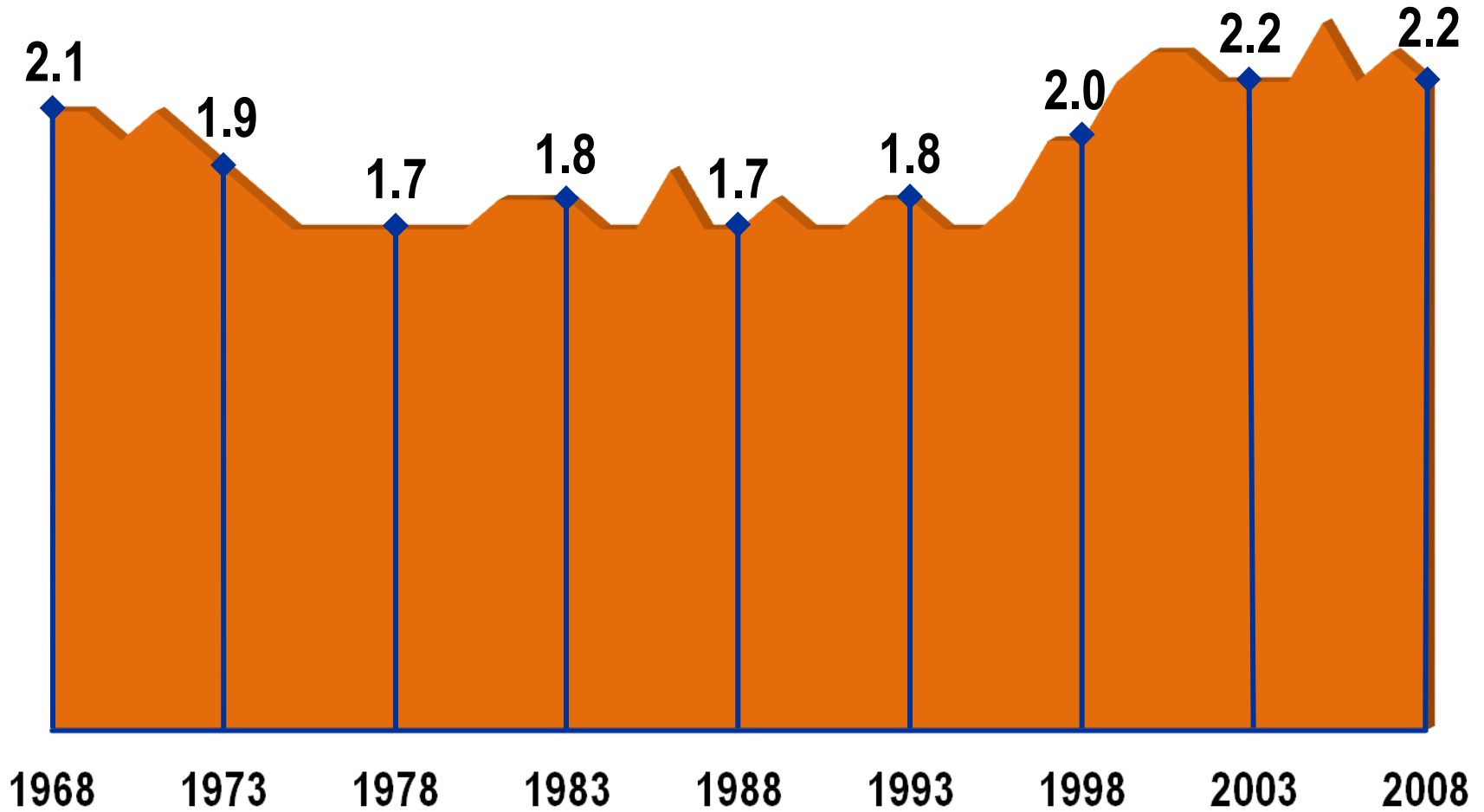
Total Giving, 1968 - 2008



Total Giving, 1968 - 2008

- Total giving increased in current dollars every year but two since recording began.
 - This year (2008) and
 - 1987, when 1986 tax law change led some to “give early” to maximize the tax benefit of giving.
- Giving grows more slowly—or declines adjusted for inflation—in recession years.
- In the 1973–1975 recession, cumulative drop in total giving = 9.2% adjusted for inflation.
- In 1974, total giving fell 5.4% adjusted for inflation. This is the worst result prior to 2008.
- In 2008, total giving fell an estimated 5.7% adjusted for inflation.

Total giving as a percentage of Gross Domestic Product, 1968–2008



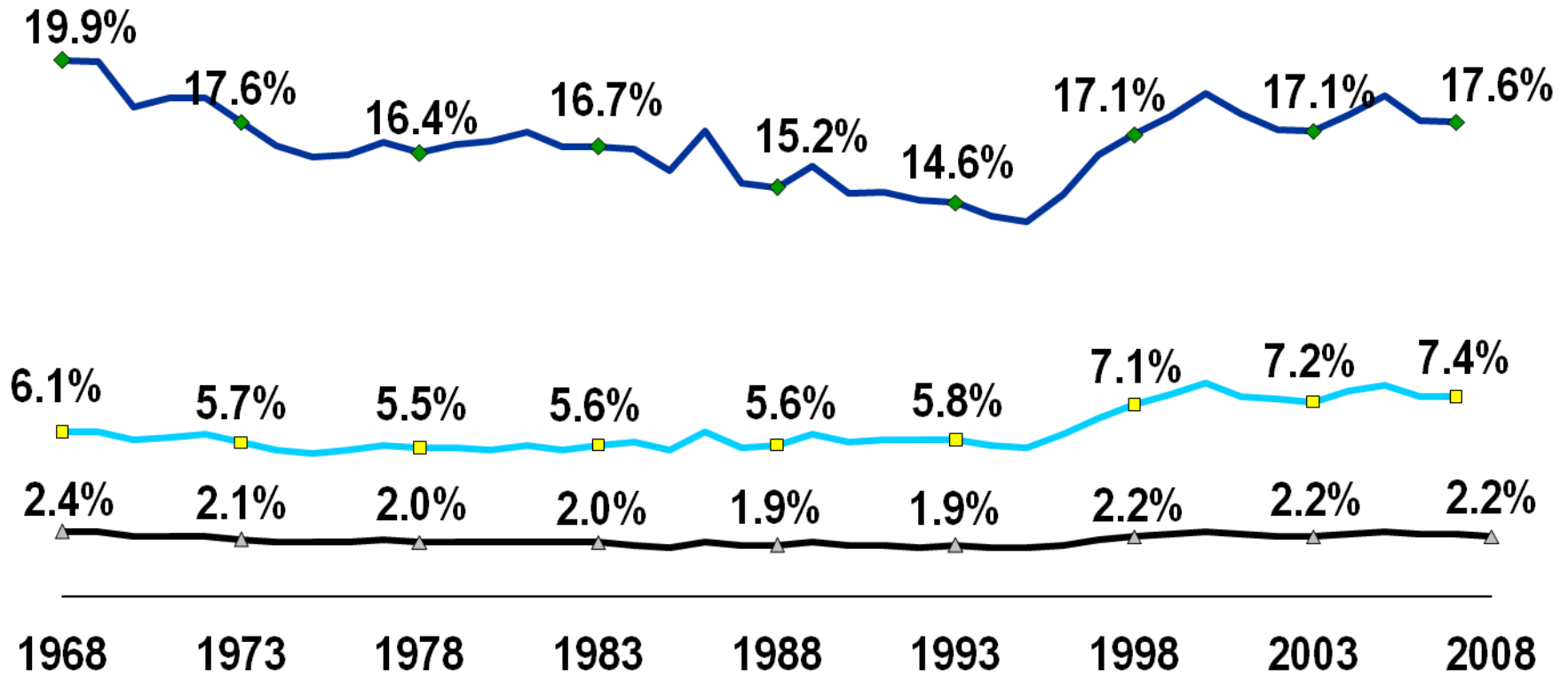
Data are rounded.

Total giving as a percentage of Gross Domestic Product, 1968–2008

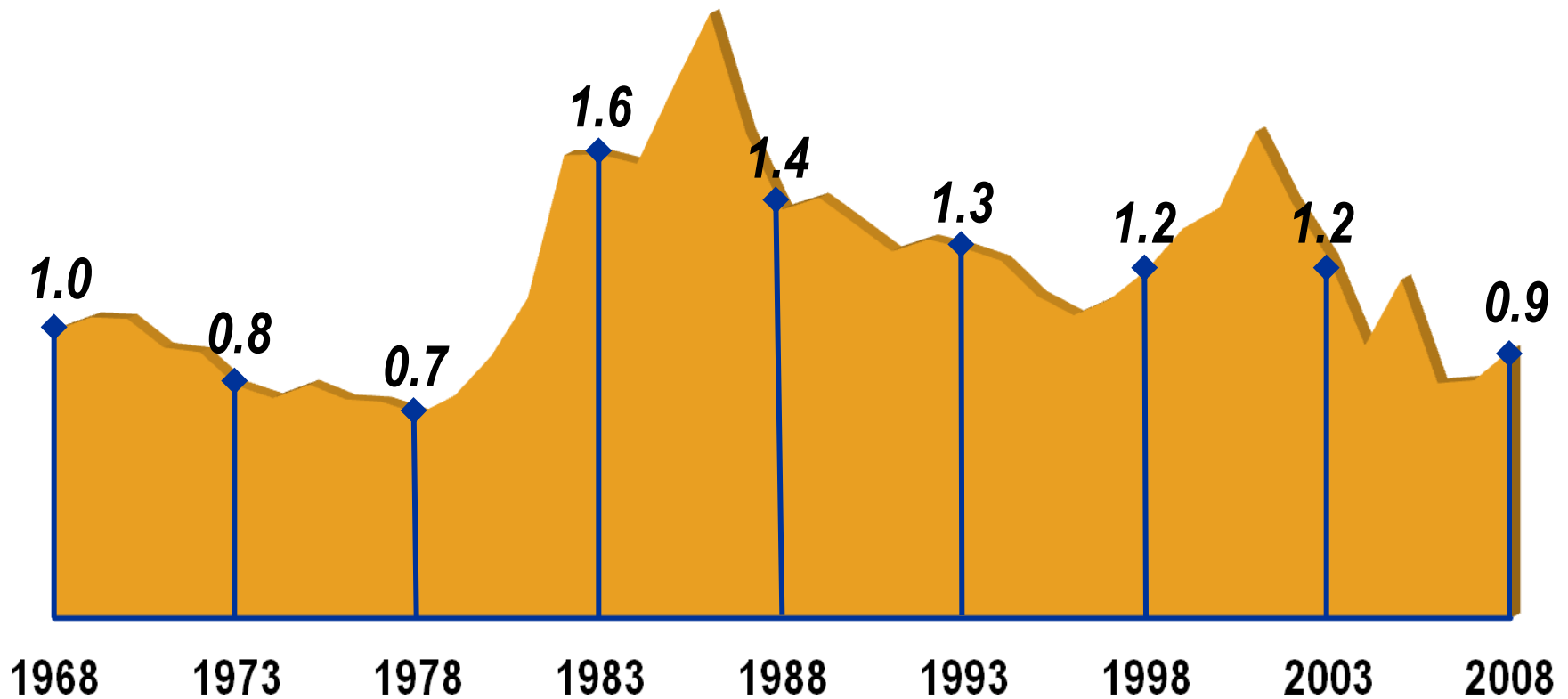
- Giving has remained at 2.0% or more of GDP since 1997.
- For 2008, giving is an estimated 2.2% of GDP.
- Giving as a percentage of GDP average 2.2% 1998 to 2007, which is the highest 10-year average in the 40-year history tracked by this edition of Giving USA.
- For the period from 1968 to 1977, giving averaged 1.9% of GDP. This includes the 1973–1975 recession.
- For the two successive periods of 1978 to 1987 and 1988 to 1997, giving was, on average, 1.8% of GDP.

Trends in giving as a share of selected types of personal outlays and as a share of disposable personal income (DPI), 1968–2008 (2007 for expenditures)

- ◆ “Luxury” personal outlays: alcohol, international travel, jewelry/watches, recreation, restaurants, tobacco, to 2007
- “Essential” personal outlays: clothing, energy, food (excluding restaurants and alcohol), housing, and utilities to 2007
- ▲ Disposable personal income



Corporate giving as a percentage of corporate pretax profits, 1968–2008



Data are rounded.