



Associated Grant Makers
advancing effective and responsible philanthropy

55 Court Street, Suite 520
Boston, MA 02108
telephone 617.426.2606
fax 617.426.2849
www.agmconnect.org

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GIVING IN MASSACHUSETTS

Welcome to the Associated Grant Makers¹ *Giving Report* on the state of giving in Massachusetts.

Organized and individual giving in 2002 in our state was more than \$4 billion which supported thousands of nonprofits, projects and neighborhood initiatives. Philanthropy and individual charitable giving are powerful forces in Massachusetts. Philanthropic contributions support schools, houses of worship, libraries, and human services. Grant makers and the work they support address issues including after school programs, summer camps, a clean and healthy environment, health care for the uninsured, efforts to end homelessness, and smart growth and livable cities. The combined effect of foundation and individual giving in 2002 was more than \$4 billion which supported thousands of nonprofits, projects, and neighborhood initiatives.

We are a stronger and better state thanks to foundations, the programs and nonprofits they support, and the individuals who make donations. However, Massachusetts still lags behind other states, and the philanthropic community must seek to adopt new strategies to improve charitable giving. We have compiled this report, which we intend to update on an annual basis, to summarize charitable giving in the Commonwealth of Massachusetts, and to serve as a benchmark to map and study the funding trends and how Massachusetts benefits from these activities.

Please note that all data, unless otherwise noted, refer to 2002 giving and activities. The most recent, complete data in the Foundation Center's analysis of foundations' tax returns is from the 2002 tax year.

Highlights

- Individual donors gave in excess of \$3.3 billion to charities in 2002 and Massachusetts ranks 41st in the nation in giving as a percentage of personal income.
- Massachusetts is the leader among New England states in number of foundations (2,695) and total giving (\$775 million).
- In the last five years, 1,242 new foundations were created in Massachusetts.
- The top 20 corporate foundations and giving programs contributed \$90.8 million to charities.
- Of the top 50 foundations awarding grants in Massachusetts, 35 are foundations based in other states.

¹ AGM is the regional association for grant makers, serving foundations, corporations, philanthropic advisory services, and nonprofit organizations.

INDIVIDUAL GIVING

As is true throughout the country, individual state residents are significant philanthropic contributors. Individual Massachusetts donors gave in excess of \$3.3 billion dollars – more than four times the amount contributed by foundations – to support charitable causes in 2002.² However, studies such as the Generosity Index have consistently rated Massachusetts as among the least generous states in the nation. The 2004 Generosity Index³ ranks Massachusetts 49th out of 50 states based on the relationship between Massachusetts’ rank in terms of average per capita income (3rd highest) and average contribution per giver (39th).

In *Understanding the Giving Landscape*,⁴ a new research report comparing specific types of individual giving across all 50 states, Massachusetts’ shows a mixed set of measures of 2002 giving that include:

Massachusetts Ranking:

- **33rd in average giving per itemizer**
- **12th in average giving per capita**
- **41st in giving as a percentage of personal income.**

Understanding the Giving Landscape is a rigorous analysis attempting to explain variations in charitable giving across states.

It does not attempt to explain individual giving behavior. The study has taken into account a wide array of variables to understand what factors may have either a positive or negative impact on overall giving by individuals in a state. Based on their analysis of national patterns, it appears that despite factors that are generally associated with higher individual giving, such as the high levels of education and personal earnings in Massachusetts, the relatively high proportion of Catholic⁵ and Baby Boomer citizens and the relatively low numbers of African Americans and Protestants in Massachusetts may be the most significant factors in explaining the giving patterns in the Bay State versus the rest of the country. Finally, not only does Massachusetts have an apparently lower rate of giving, but volunteerism rates for 2002 were 23.4% compared with a national average of 30.3%.

It is important to understand that reports such as the two cited above do not necessarily take into account the full range of factors that may affect giving patterns in a particular state. Issues such as cost of living, regional giving cultures, and political/civic contributions versus philanthropic giving are not included in these analyses. Further, the best available data on individual giving is drawn from itemized tax returns, and not all income tax filers itemize their charitable giving.

The implications of these factors in Massachusetts are an ongoing challenge for the philanthropic sector. While it is clear that there is a noteworthy amount of individual contributions to nonprofits, religious organizations and neighborhood projects, it is also clear, based on the best available data, that more could be done to stimulate giving and volunteering in our state.

FOUNDATION GIVING

Massachusetts is a leader in New England foundation giving. In 2002, nearly 46% of all foundations in New England⁶ were located in Massachusetts, and those foundations accounted for more than half of the region’s foundation giving and assets. Massachusetts ranked 12th in the nation in total foundation giving – the highest rank among New England states – and 14th in the nation in foundation giving per capita.

² Generosity Index, http://www.catalogueforphilanthropy.org/cfp/generosity_index/2004_Generosity_Index.xls

³ Generosity Index, <http://www.catalogueforphilanthropy.org/cfp/db/generosity.php?year=2004>

⁴ *Understanding the Giving Landscape*, Ross Gittel and Edinaldo Tebaldi, University of New Hampshire. 2005. To view the full report go to www.agmconnect.org/givinglandscape.pdf

⁵ Mary J. Oates, Professor of Economics at Regis College, in her book *The Catholic Philanthropic Tradition in America* (Indiana University Press, 1995, p. 166) notes “Roman Catholic households ranked the lowest in annual contributions to the church among ten major religious groups. Although more affluent as a group than Protestants, Catholics today contribute, on average, only 1.1 percent of their per capita income to the church, Protestants in the same income bracket were contributing 4.4 percent.”

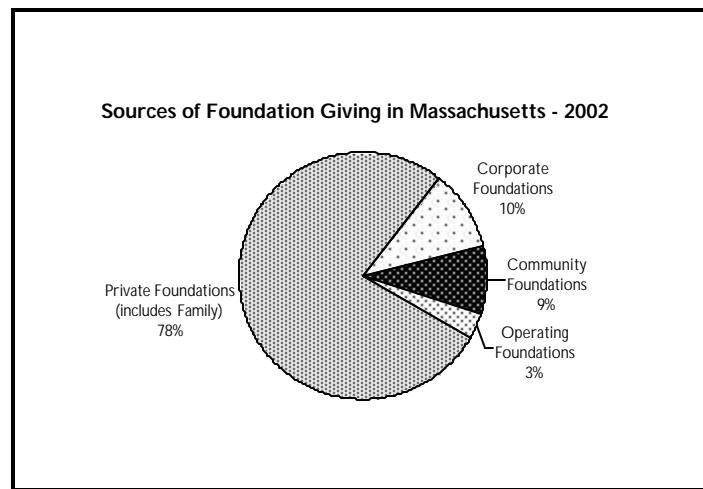
⁶ Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Foundations: Assets and Total Giving in 2002⁷

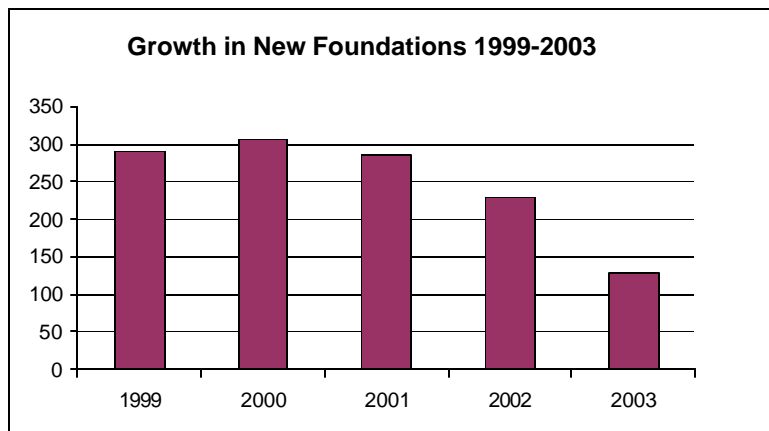
	United States	New England	Massachusetts	MA as a Percent of New England
Number of Foundations	64,843	5,884	2,695	45.8 %
Assets	\$435,190,471	\$21,018,380	\$11,123,527	52.9 %
Total Giving	\$30,431,799	\$1,531,082	\$775,198	51.7 %

As reported by the Foundation Center, in 2002, the vast majority of grantmaking and foundation giving in Massachusetts was done by private foundations (which includes independent and family foundations). The 12 community foundations in the state represent less than 0.5% percent of the total number of foundations but contribute 9% of foundation giving.

Foundation Growth 1999-2003



Since 1999, there has been a tremendous increase in the number of foundations registered in Massachusetts. A total of 1,242 new foundations were established in the time frame 1999-2003. However, the number per year has dropped significantly in recent years, going from a high of 305 in 2000 to 130 in 2003. Of the foundations created since 1999, only 17.1% (202) have assets of more than \$1 million.⁸ Many of the new foundations have small or no assets, operate without staff, are managed by law firms and financial institutions, and have pre-selected public charities as recipients of contributions.



⁷ Source of data: The Foundation Center, Researching Philanthropy (http://fdncenter.org/fc_stats/index.html)

⁸ New Foundation data courtesy of Jankowski Associates, Inc., and New Ventures in Philanthropy based on an analysis of the IRS Master File.

Largest Foundations in Massachusetts

Like the majority of New England states, a community foundation – The Boston Foundation – was the grantmaker with the largest total giving in 2002. Nationally, the Boston Foundation ranked 8th among all community foundations in terms of assets, and 11th in terms of giving. In 2002, there were no Massachusetts foundations in the Top 50 largest foundations in the country.

Private foundations have a major presence in Massachusetts. Indeed, of the top 30 foundations in giving, 22 are private. Corporate foundations and community foundations are less prevalent than private foundations in the list of top 30 foundations, but all three are in the top seven.

Top 30 Foundations in Massachusetts by 2002 Giving

Giving Rank	Asset Rank ⁹	Foundation Name	Type	Total Giving
1	2	Boston Foundation	Community	\$47,972,424
2	1	Barr Foundation	Private	41,167,200
3	25	FleetBoston Financial Foundation	Corporate	23,342,987
4	4	Edward C. Johnson Fund	Private	20,987,524
5	5	Fidelity Foundation	Corporate	16,589,652
6	7	The John Merck Fund	Private	12,721,977
7	-	State Street Foundation	Corporate	9,734,549
8	27	Stratford Foundation	Private	9,010,091
9	17	V. Kann Rasmussen Foundation	Private	8,943,096
10	10	Amelia Peabody Charitable Fund	Private	7,877,984
11	9	Amelia Peabody Foundation	Private	7,847,790
12	11	Carl and Ruth Shapiro Family Foundation	Private	7,828,029
13	6	The Oak Foundation U.S.A.	Private	7,616,753
14	-	The Koha Family Foundation	Private	7,326,563
15	8	The Highland Street Connection	Private	7,103,623
16	-	Kendall Whaling Museum Trust	Operating	7,010,515
17	-	The William F. Connell Charitable Trust	Private	6,957,338
18	14	The George I. Alden Trust	Private	6,755,000
19	-	Berkshire Taconic Community Foundation	Community	6,058,163
20	16	L.G. Balfour Foundation	Private	5,958,600
21	13	The Flatley Foundation	Private	5,888,126
22	12	The Melville Charitable Trust	Private	5,297,112
23	15	The Hyams Foundation	Private	4,892,130
24	26	Community Foundation of Western Massachusetts	Community	4,781,881
25	22	The Stoddard Charitable Trust	Private	4,774,500
26	-	Vinik Family Foundation	Private	4,685,000
27	-	The Fannie Cox Foundation	Private	4,513,115
28	3	Yawkey Foundation II	Private	4,192,734
29	24	Irene E. & George A. Davis Foundation	Private	4,186,811
30	21	Greater Worcester Community Foundation	Community	4,180,970

⁹ The following foundations were in the top 50 by asset rank, but not included in the table: (18) Richard and Susan Smith Family Foundation; (19) The Ellison Foundation; (20) The Henry P. Kendall Foundation; (23) George F. and Sybil H. Fuller Foundation.

Grant Making Public Charities

In addition to foundations, Massachusetts has a strong presence of grant making public charities¹⁰ contributing to the support of nonprofits and their activities. Public charities are nonprofit entities that engage in solicitation of funds; most operate charitable enterprises, some also make grants. These organizations include federated funds, quasi-governmental agencies, some health conversion foundations, community funds, and issue-specific funds. Often they become a conduit of donor contributions to other nonprofit organizations.

In Massachusetts, we have 20 United Ways serving cities and towns across the Commonwealth. Combined they contributed \$64.7 million in 2002. The largest grant making public charity in 2002 was Fidelity Investments Charitable Gift Fund, founded in 1991 as a donor-advised fund that provides a vehicle for donors. It distributes gifts nationally based on donor recommendations. The Red Sox Foundation was founded in 2002 with a generous commitment from its owners, making it the largest professional sports charity in New England.

Top 25 Grant Making Public Charities in 2002 By Giving

Rank ¹¹	Grant Making Public Charities	City	Total \$ Awarded
1	Fidelity Investments Charitable Gift Fund	Boston	\$574,412,962
2	Combined Jewish Philanthropies of Greater Boston	Boston	41,887,558
3	United Way of Massachusetts Bay	Boston	37,428,124
4	Massachusetts Legal Assistance Corporate	Boston	15,251,368
5	Partners in Health	Boston	11,640,299
6	Oxfam America	Boston	10,315,614
7	Nellie Mae Education Foundation	Quincy	9,952,943
8	Fleet Charitable Gift Fund	Boston	9,564,079
9	American Ireland Fund	Boston	8,266,756
10	Harvard-Yenching Institute	Cambridge	7,946,106
11	Boston Plan for Excellence in the Public Schools Foundation	Boston	6,439,114
12	South Shore Community Action Council	Plymouth	6,074,355
13	United Way of Central Massachusetts	Worcester	5,130,515
14	Fiduciary Charitable Foundation	Boston	4,510,215
15	Lynch Foundation	Marblehead	4,236,500
16	YouthBuild USA, Inc	Somerville	4,124,071
17	Charles E. Cotting Charitable Corp	Boston	3,837,271
18	Community United Way of Pioneer Valley	Springfield	3,788,580
19	United Way of Metro West	Framingham	3,354,236
20	Solidago Foundation, Inc.	Northampton	3,156,455
21	United Way of Merrimack Valley	Ward Hill	2,645,089
22	Massachusetts Bar Foundation	Boston	2,457,897
23	Blue Cross Blue Shield of Massachusetts Foundation	Boston	2,379,858
24	Harvard Pilgrim Health Care Foundation	Wellesley	2,299,323
25	Haymarket People's Fund	Boston	2,052,650

¹⁰ Massachusetts law uses the term "public charities" to encompass all nonprofits in the state, including private foundations, charitable enterprises, and operating foundations. This report uses The Foundation Center's listing of public charities that award grants, including the United Ways.

¹¹ Source: Foundation Center FC Search Database – Fall 2004 Data and GuideStar – 2003 990 Reports.

CORPORATE GIVING

Data on corporate giving is challenging to assess because it takes many forms and there are no separate formal reporting requirements. Corporate charitable giving is not only in the form of cash (directly from companies as well as from company-sponsored foundations), but includes donated goods and services, matching gifts programs, employee volunteer programs, and event sponsorships. These indicators of corporate citizenship are increasingly considered to be important factors in a company's overall success. Indeed, there is significant research demonstrating the financial benefits of operating a socially responsible business. The Conference Board's annual survey estimated \$13.46 billion in corporate charitable giving in the US in 2003. In the sample of 232 companies surveyed by the Conference Board, non-cash giving accounted for 49% of overall corporate giving (corporate foundation cash grants accounted for 27%, and company direct cash grants were 24% of the total).

The Foundation Center's database lists a total of 112 company-sponsored foundations and 60 corporate giving programs in Massachusetts. Nonetheless, the extent to which Massachusetts companies do *not* appear to have formal giving programs is striking. From the list of "Area's 150 Largest Public Companies," published by the Boston Business Journal, only 30 are known to have a foundation or giving program. Similarly, the annual Boston Globe 100, a composite performance ranking of 100 companies in Massachusetts, reported only 22 with any publicized charitable giving (some corporations make gifts that are not publicized). This is an indication that most companies do not have formalized charitable giving programs, yet we expect many contribute to community needs in various ways.

We know the corporations that give play an important role in the philanthropic sector in Massachusetts, but, recently the major news stories surrounding corporate giving has been focused on the potential or actual negative effect of corporate mergers and takeovers on local charitable giving. Future annual updates of this report will give us a better understanding of the impact.

Corporate Giving in 2002

Rank ¹²	Corporate Foundations/Giving Program	City	Total \$ Awarded
1	FleetBoston Financial Foundation	Boston	\$23,342,987
2	Fidelity Foundation	Boston	16,589,652
3	State Street Foundation	Boston	11,567,240
4	Raytheon Company Contributions Program	Waltham	9,252,580
5	John Hancock Financial Services, Inc. Giving Program	Boston	5,224,690
6	TJX Foundation, Inc.	Framingham	4,070,943
7	Textron Charitable Trust	Boston	3,275,401
8	MassMutual Financial Group Corporate Giving Program	Springfield	2,990,167
9	Demoulas Foundation	Chelmsford	2,029,300
10	Grand Circle Foundation, Inc.	Boston	2,006,745
11	Millipore Foundation	Billerica	1,462,928
12	Stride Rite Charitable Foundation	Boston	1,425,374
13	New Balance Foundation	Boston	1,384,988
14	Reebok Human Rights Foundation	Canton	1,107,143
15	Putnam Investments Foundation	Boston	1,018,542
16	Staples Foundation for Learning	Framingham	999,780
17	Orchard Foundation	Boston	924,202
18	Allmerica Financial Charitable Foundation	Worcester	829,005
19	Cabot Corporation Foundation	Boston	728,715
20	Boston Scientific Foundation	Natick	610,160

¹² Source: Foundation Center FC Search Database – Fall 2004 Data.

GRANT RECIPIENTS

Massachusetts is in the enviable position of being a net importer of grant dollars.¹³ Of the top 50 foundations awarding grants in Massachusetts in 2002 only 15 were based in our state. Out-of-state foundations, of which 15 in the top 50 were from New York, provided 27% of the 3,013 grants and 71% of nearly \$540 million awarded. However, there was a marked disparity in how those grant dollars were spread across the state in 2002 – the bulk of foundation-awarded grants were made to recipients in the greater Boston area. Eleven grantees were institutions of higher education, with Harvard and MIT receiving the largest number of grants, 339 and 130 grants respectively. Hospitals, schools and public charities are well represented in this list.

Top Grant Recipients in 2002 By Total Awards

Rank ¹⁴	Grantee Name	City	Total \$ Awarded	No. of Grants
1	Harvard University	Cambridge	\$94,565,334	339
2	Franklin W. Olin College of Engineering	Needham	51,493,028	5
3	Massachusetts Institute of Technology	Cambridge	47,845,381	130
4	Massachusetts General Hospital	Boston	22,345,528	49
5	Boston University	Boston	20,514,223	52
6	Fidelity Investments Charitable Gift Fund	Boston	20,055,195	23
7	WGBH Educational Foundation	Boston	17,277,929	31
8	Brandeis University	Waltham	16,132,702	43
9	Boston Plan for Excellence in the Public Schools Foundation	Boston	11,530,140	10
10	Education Development Center	Newton	9,414,387	25
11	Third Sector New England	Boston	9,280,993	13
12	Jobs for the Future	Boston	9,147,118	15
13	Wellesley College	Wellesley	8,522,094	26
14	Clark University	Worcester	8,485,900	9
15	Tufts University	Medford	8,079,911	53
16	Children's Hospital	Boston	7,362,949	15
17	Smith College	Northampton	6,907,398	40
18	Clark School for the Deaf	Northampton	6,493,768	25
19	Berkshire School	Sheffield	6,237,500	11
20	United Way of Massachusetts Bay	Boston	5,653,967	57
21	Dana-Farber Cancer Institute	Boston	5,525,122	23
22	Boston College	Chestnut Hill	5,211,103	44
23	Union of Concerned Scientists	Cambridge	5,067,000	22
24	Brookfield Arts Foundation	Boston	5,000,000	1
25	Brigham and Women's Hospital	Boston	4,941,624	28
26	Bridgespan Group	Boston	3,867,800	4
27	New England Aquarium Corporation	Boston	3,492,273	9
28	National Bureau of Economic Research	Cambridge	3,476,005	9
29	Pine Manor College	Chestnut Hill	3,468,307	6
30	City Year	Boston	3,362,812	28

¹³ From a presentation by Marcia Sharp, Millennium Communications Group, Inc. at the New England Funders' Conference, November 17, 2004, Marlboro, Massachusetts.

¹⁴ Foundation Center, based on grants of \$10,000 or more awarded by a national sample of 1,005 larger US Foundations.

CONCLUSIONS

Massachusetts is fortunate to have a diverse and well-established grant making and philanthropic community. We can take pride in the more than \$4 billion in charitable giving in our state in 2002, as well as ranking 12th in the nation in average giving per capita. We continue to attract grants from foundations and funding sources across the country, and our nonprofit sector is a particularly strong force within the state's economy.

However, there is significant work left to do to fully understand the picture and trends of giving in our state. There is an inconsistency between the levels of education and personal earnings and the levels of individual philanthropic giving that one would expect from this population. Unlike other major metropolitan areas, Boston has no foundations with assets of \$1 billion or more, and indeed, the pattern of foundations in Massachusetts gives us a larger proportion of smaller foundations here. Based on available data, it would appear that very few businesses have established formal giving programs that given them a civic presence in our communities.

More research is needed to better understand how foundations function during their first five years of operations – the status of their endowments at the end of the first five years; how many go out of business; and the extent to which these new foundations are able to undertake grant making that successfully supports their missions.

The philanthropic sector has significant opportunities to extend its reach – encouraging the growth of corporate philanthropy, increased giving by individuals, and looking for ways to collaborate within the grant making sector to ensure the most efficient and effective uses of grant dollars.

AGM will continue to gather giving data on philanthropy in this region and to provide comparative data in the future. It is our hope that this report will help to answer and raise the questions about foundation and individual giving in Massachusetts and that greater knowledge in those areas will lead us to increased and improved philanthropy to the benefit of our state and citizens.

Information contained in this report was compiled by Ron Ancrum, President, and Miki Akimoto, Vice President, of Associated Grant Makers. We wish to thank Kathy Mchugh, *EdVestors*, Kent Faerber, *Community Foundation of Western Massachusetts*, and Judi Mullen, *State Street Corporation* for reviewing an earlier draft of this report.

Kathy McHugh, Chair, Board of Directors
William Eaton, Chair, Giving Network Advisory Committee
Ron Ancrum, President

For a downloadable copy of *Giving in Massachusetts* and the *Understanding the Giving Landscape* study go to: www.agmconnect.org Media contact: Gail Pinkham, Director of Communications, gpinkham@agmconnect.org or 617-426-2606 ext. 29

